MISSOURI DEVELOPMENT FINANCE BOARD

(A Component Unit of the State of Missouri)

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2007

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(A Component Unit of the State of Missouri)

Comprehensive Annual Financial Report

For the year ended June 30, 2007

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MISSOURI DEVELOPMENT FINANCE BOARD
A COMPONENT UNIT OF THE STATE OF MISSOURI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2007

PREPARED BY:
THE ACCOUNTING DEPARTMENT:

- KRYSTAL DAVIS, CPA
  CONTROLLER

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MISSOURI DEVELOPMENT FINANCE BOARD

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2007

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INTRODUCTORY SECTION

MISSOURI DEVELOPMENT FINANCE BOARD

Principal Officials

BOARD MEMBERS

The Honorable Peter Kinder, Lieutenant Governor, Chairman
Mr. John D. Starr, Vice Chairman
Mr. Larry D. Neff, Secretary
Mr. Nelson C. Grumney, Jr., Treasurer
Mr. Paul S. Lindsey
Mr. Richard J. Wilson
Mr. James D. Hill
Mr. L. B. Eckelkamp, Jr.
Ms. Danette D. Proctor
Mr. Gregory A. Steinhoff, Director, Department of Economic Development
Ms. Katie Smith, Director, Department of Agriculture
Mr. Doyle Childers, Director, Department of Natural Resources

STAFF

Mr. Robert V. Miserez, Executive Director
Ms. Krystal Davis, CPA, Controller
Ms. Kathleen Barney, Senior Portfolio Manager
Ms. Alice Bernard-Jones, International Business Manager
Mr. Mike Golden, Finance Officer
Ms. Dawn Holt, Accountant
Ms. Valerie Haller, Executive Assistant
Mr. Jeff Ownbey, Administrative Assistant

BOARD COUNSEL

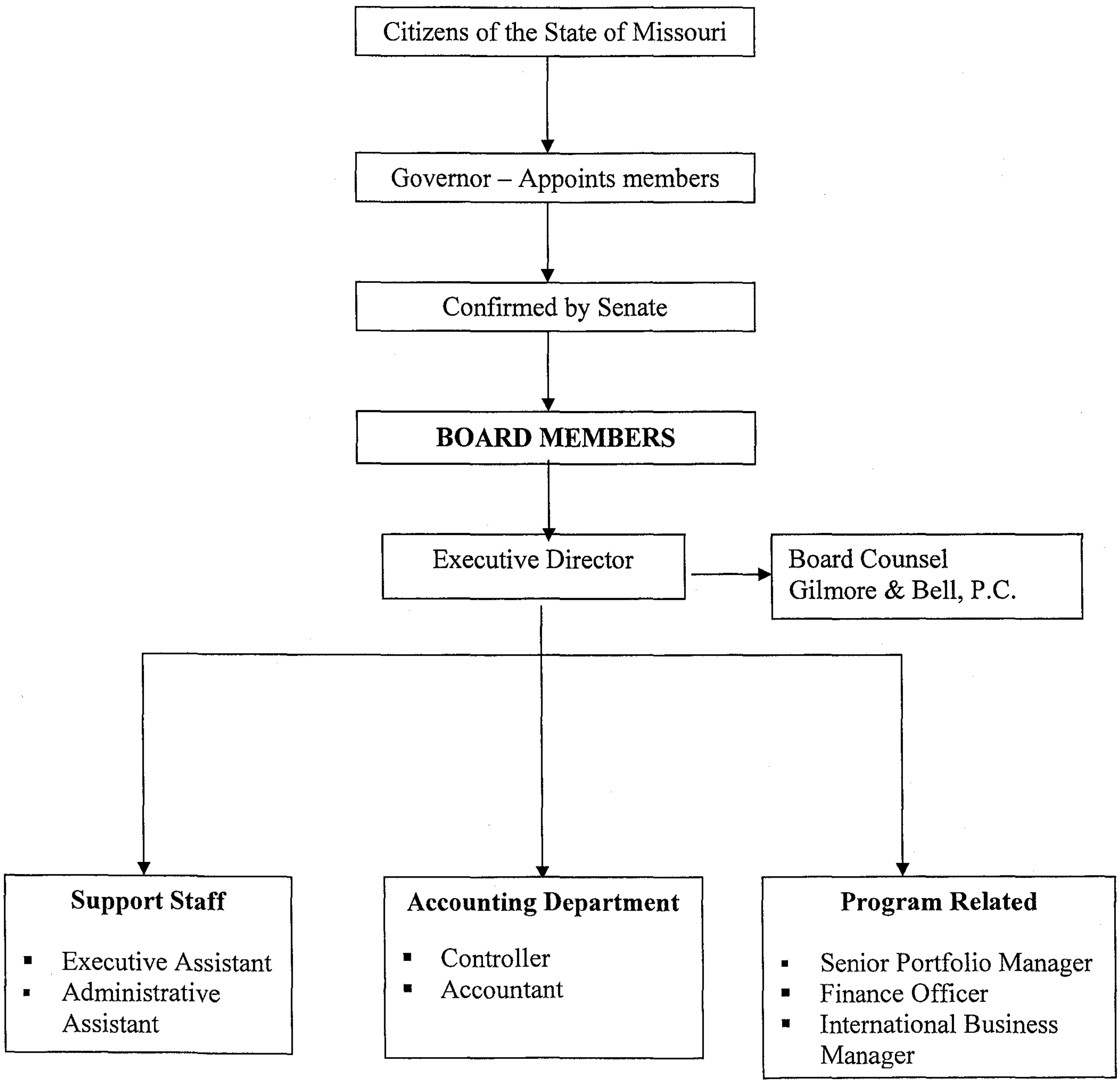
Mr. David Queen, Gilmore & Bell, P.C.

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Williams Keepers LLC

MISSOURI DEVELOPMENT FINANCE BOARD

Organizational Chart



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MISSOURI DEVELOPMENT FINANCE BOARD

August 10, 2007

Members of the Missouri Development Finance Board:

We are pleased to submit the comprehensive annual financial report of the Missouri Development Finance Board (the "Board") of the State of Missouri for the fiscal year ended June 30, 2007. The accounting department prepared this report, while responsibility for both the accuracy of the presented data and the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that was established for this purpose, rests with the Board. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Williams Keepers LLC, Certified Public Accountants, have issued an unqualified ("clean") opinion on the Missouri Development Finance Board's financial statements for the year ended June 30, 2007. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (the "MD&A") immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement MD&A and should be read with it, as well.

PROFILE OF THE GOVERNMENT

The Missouri Development Finance Board is a "body corporate and politic" created by the State of Missouri. Its statutory citation is the Revised Statutes of Missouri (RSMo) 100.250 to 100.297. The Board's primary function is to structure and participate in the financing of Missouri business and public infrastructure. The Board is classified as a proprietary fund and is a discretely presented component unit within the State of Missouri's Comprehensive Annual Financial Report.

The original development board was created by Missouri statute in 1982 as the Missouri Industrial Development Board. The current legislative authorization dates to 1993 and was the fourth major statutory change since 1982. Each of these changes resulted in increased authority and responsibility for the Board in economic development and infrastructure financing.

The Board provides a diverse array of financing programs to carry out its mission of facilitating economic and infrastructure development projects. The Board administers thirteen different programs that correspond to its mission to benefit the citizens of the State of Missouri. The Board's programs include:

1. Single issue industrial revenue bond projects - Private purpose projects.
   Pursuant to RSMo 100.270, the Board is authorized to issue industrial revenue bonds. Interest on these bonds can be taxable or tax exempt. The bonds can be issued for the acquisition or renovation of fixed assets owned by businesses involved in the manufacturing or production of tangible products.

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Visit our Web site at www.mdfb.org

2. Single issue infrastructure bond projects. - Public purpose projects.
   Missouri Statute 100.263 authorized the public purpose infrastructure bond program in 1989. These bonds finance essential infrastructure improvements and related work for local governments, state agencies, and qualified public/private partnerships.

3. Missouri Tax Credit for Contributions.
   Missouri Statute 100.286.6 authorized the Missouri Tax Credit for Contributions program. Through this program, the Board is authorized to grant tax credits equal to fifty percent of contributions. Contributions are used to pay the costs of projects for Missouri governmental, quasi-governmental and nonprofit entities which have been approved by the Board. Per statute, the Board is authorized to use a maximum of $10 million in tax credits during any *calendar year*. The statutory limitation can be exceeded with the consent of the Directors of the Department of Economic Development and Revenue and the Commissioner of Administration.

4. Tax Credit Bond Enhancement Program.
   The Tax Credit Bond Enhancement Program provides a tax credit enhancement on behalf of public entities for certain bonds. This program uses the Board's bond tax credits as collateral.

5. Direct Loan Program.
   The Direct Loan Program provides direct loans at reasonable interest rates.

6. BUILD Missouri (Business Use Incentives for Large-Scale Development) Program.
   The BUILD Missouri Program is an incentive tool that allows the Department of Economic Development and the Board to finance a portion of the costs of qualifying capital investments for eligible businesses that seek to locate or expand in Missouri. The incentives offered by BUILD are designed to offset infrastructure and other capital costs of certain large projects by making the cost of investing in Missouri more competitive.

7. Quick Loan Program.
   The Quick Loan Program is to provide Missouri governmental and quasi-governmental entities quick access to short-term loans at tax-exempt rates. Loans should be for a minimum of $250,000 with a maximum maturity of seven years. Loans need not be secured by any property and may be subject to annual appropriation. Borrowers must have a demonstrated history of repayment ability.

8. Missouri Infrastructure Development Loan Program ("MIDOC").
   The MIDOC Program offers long-term, low-interest loans to local political subdivisions, including public water and sewer districts, to fund infrastructure improvements. Water and sewer projects addressing public health and safety receive priority. The Program is structured as a revolving loan program with repayment proceeds used to provide additional loans for eligible infrastructure projects. Interest rates are three percent with a maximum loan amount of $100,000; however, if there is a critical need and with Board approval this maximum loan amount may be exceeded.

9. Loan Guarantees.
   The Board is empowered under RSMo sections 100.250 to 100.297, as amended, to guarantee loans to credit-worthy businesses which cannot otherwise obtain credit at reasonable rates and terms in order to create or retain full-time employment.

10. City/State Partners Program.
The City/State Partners Program is a joint effort between the Ex-Im Bank and state and local entities around the country to bring Ex-Im Bank's financing services to small and medium-sized U.S. companies that are ready to export. The Board markets programs offered by the Ex-Im Bank and packages applications for these programs. The Board's relationship with the Ex-Im Bank provides Missouri companies a direct line to export financing. In addition, the Board's relationship with the U.S. Small Business Administration (SBA) and the State Treasurer's Office provides loan programs to support the production of goods and services for export.

11. Missouri Downtown Economic Stimulus Act (MODESA)
The MODESA Program is an incentive tool that allows the Department of Economic Development and the Board to facilitate the redevelopment of downtown areas and the creation of jobs by providing essential public infrastructure. A portion of the new state and local taxes created by a project can be diverted to fund eligible public infrastructure and related costs for a period of up to 25 years. The local match must be, at a minimum, 50% of the amount of the new local sales tax (and earnings tax in St. Louis and Kansas City) and 100% of the amount of the new real property tax created by the project each year; or a comparable amount of local funds from the city/county or a non-profit organization

12. Downtown Revitalization and Economic Assistance for Missouri (DREAM)
The DREAM Initiative is a comprehensive, streamlined approach to downtown revitalization that provides a one-stop shop of technical and financial assistance for select communities to more efficiently and effectively engage in the downtown revitalization process. The DREAM initiative is created through a partnership between the Missouri Development Finance Board, the Missouri Department of Economic Development and the Missouri Housing Development Commission.

13. Missouri Community Investment Corporation (MCIC)
MCIC is the Board's only discretely presented component unit. The Board members of the Missouri Development Finance Board as well as four additional members serve as the Board for (MCIC). MCIC is a non-profit organization established for the primary purpose to serve as a qualified community development entity (CDE) providing investment capital for the benefit of Low-Income Communities and Low-Income Persons within the State of Missouri in connection with the New Market Tax Credit program established pursuant to Section 45D of the Internal Revenue Code of 1986 as amended. Activities for MCIC are reported separately in a column to the far right of the government-wide financial statements. In October MCIC received word that it would not receive an allocation of tax credits. MCIC will be inactive until such an allocation is received.

The Board completed fiscal year 2007 in excellent financial condition. The change in net assets in fiscal year ended June 30, 2007 was $4,704,551 versus $1,862,062 in fiscal year 2006. The Board's activities not only provided funding for the Board's operations but also helped maintain the Board's balance sheet. Assets were $151,725,294 and $135,318,644 at June 30, 2007 and June 30, 2006, respectively. The Board's involvement in very large projects has grown and, correspondingly, the Board's on-going responsibility to monitor those projects and their funds has significantly increased.

LOCAL ECONOMY

As a major manufacturing, financial, and agricultural state, Missouri's diverse economic health is closely tied to that of the nation. The economic outlook follows the national trends during fiscal year 2007. At the end of June 2007, the state unemployment rate was 4.8 % compared to 4.7% at the end of June 2006. The national rate was 4.5 and 4.6% at June 30, 2007 and 2006, respectively.

MAJOR INTIATIVES

During fiscal year ended June 30, 2007, the Board has assisted 29 projects resulting in total Board related financing of almost $279.5 million. The Board has authorized an additional ten projects that are in various stages of development that should result in over $20 million in financing once complete. During fiscal years ended June 30, 2006 and 2005, the Board assisted 17 and 20 projects, respectively.

Midwest Research Institute

In October 2006, the Board approved tax credits for the City of Kansas City in the amount of $4,000,000 to leverage contributions of $8,000,000 for the benefit of the Midwest Research Institute (MRI). MRI staff conducts research and development in the health, agriculture, energy, national security and defense, foods safety and engineering for industry and government. The project will renovate 50% of the building. With the improved space efficiency, MRI expects to add 150 high salaried new employees working in the labs. The Board also approved bonds in the amount of $20,000,000 for the project in March 2007.

Donald Danforth Plant Science Center

On February 20, 2007 the Board approved tax credits for the City of Creve Coeur in the amount of $1,750,000 to leverage $3,500,000 in contributions for the benefit of the Donald Danforth Plant Science Center. The Danforth Center building opened in 2001 and has become the centerpiece of an innovative initiative that is applying the most modern scientific and business thinking to the age-old problem of providing food, plant and forestry to the people of the world in ways that can be sustained for generations to come. The approved credits will facilitate expansion of an additional 14,300 square feet of greenhouse space that will double the existing greenhouse capacity. The effort will expand an existing dry lab to include wet lab space.

St. Louis Area Food Bank

The Food Bank serves 14 counties in Missouri and 12 counties in Illinois. They distribute approximately 12 million pounds of food to over 500 food pantries, homeless shelters, soup kitchens and emergency feeding programs. In August 2006 the Board approved Tax-Exempt Revenue Bonds in the amount of $4 million to purchase and renovate a volunteer center, a distribution area for partner agencies and add a walk in refrigeration area. Later in the fiscal year in March 2007, the Board approved $1.5 million in tax credits for the benefit of the project.

Kauffman Center for the Performing Arts

During fiscal year 2007, the Board approved $158,935,000 in revenue bonds as a conduit bond issuer for the benefit of the Kauffman Center for the Performing Arts. The issue will support the construction of a 360,000-square foot building which includes a 1,600 seat hall for musical concerts that will be home to the Kansas City Symphony and other mid-sized musical organizations. The Kansas City Ballet and the Lyric Opera, as well as other national and international acts, will use a 1,800 seat hall. The structure will also have a smaller multi-use venue for 400 people. In 2003, the Board approved $25 million in tax credits. The credits have been utilized through 2007 to leverage private donations for the Center.

Jackson County Sports Authority Project

On June 29, 2006, a Tax Credit for Contribution Application for $50 million in tax credits was approved for the Jackson County Sports Authority to renovate the Harry S. Truman Sports Complex in Kansas City, Missouri. The Truman Sports Complex consists of Arrowhead Stadium, occupied by the Kansas City Chiefs Football Club, Inc., and Kauffman Stadium, occupied by the Kansas City Royals Baseball Corporation. The total cost of the project is budgeted at $575 million — $250 million for Kauffman Stadium and $325 million for Arrowhead Stadium. During the fiscal year ending June 20, 2007 a contribution of $5 million was received and $4.8 million was disbursed for the benefit of the Arrowhead Stadium portion of the project.

BUILD Missouri

RSMo Section 100.700 approved the Business Use Incentives for Large-Scale Development Act that created the BUILD Missouri program. During fiscal year 2007, five bond issues were approved and one issue was closed, and during 2006, four issues were approved while five issues were closed. During fiscal year 2005, five issues were approved while four issues were closed.

Since the program's inception, the Board has approved 35 BUILD bond projects for various locations throughout the State. The total jobs created—once all currently approved BUILD bonds are issued—will be over 11,360 jobs, issuing $71.3 million in bonds and will include over $1.698 billion in new private investment within Missouri.

Smaller Communities

The Board continues to work toward its goal to actively seek out-state projects (outside the metropolitan areas of Kansas City and St. Louis). These efforts can be demonstrated by the initiation of the Downtown Revitalization Tax Credit for Contribution Program that focuses on smaller, out-state communities. In January 2001, the Board approved the restructuring of the Downtown Revitalization Tax Credit Program and allocated $500,000 in tax credits annually to help maximize the program's impact on smaller communities.

The Board has given formal approval to the revitalization plans for the Cities of Lexington, Sweet Springs, Versailles, Charleston, Monett, Warsaw, Warrensburg, Cabool, Jefferson City, Neosho and Maryville. In fiscal year 2007, the Board approved $27,500 in tax credits to assess building and code deficiencies of the Gasconade County Courthouse in Hermann and $252,000 in tax credits to redevelop downtown Maryville. In fiscal year 2006, the Board approved $400,000 of the Tax Credit for Contribution program for Youth Excited About Sports in Warrensburg and $626,000 for the Missouri Farm Bureau Museum in Jefferson City.

During fiscal years 2007 and 2006, the Board approved three loans each from the Infrastructure Development Fund (MIDOC) to improve the water and wastewater system needs of smaller communities. During its history, the MIDOC program has issued 77 out-state loans with over $5.1 million in loaned principal.

During fiscal years 2007 and 2006 the Board assisted 33 communities through the issuance of $43 million of the Missouri Association of Municipal Utilities Tax-Exempt Commercial Paper, Series 2005 and $10.6 million of the Missouri Association of Municipal Utilities Tax-Exempt Commercial Paper, Series 2006 for the Missouri Association of Municipal Utilities Municipal Finance Program. The Missouri Association of Municipal Utilities is a non-profit corporation trade organization for Missouri municipalities owning and operating an electric, water, natural gas or waste water utility that offers the Municipal Finance Program to assist communities in financing utility improvements.

During the fiscal year ending June 30, 2007, the Board worked with the Missouri Department of Economic Development and the Missouri Housing Development Commission in the Governor's DREAM Initiative. The three organizations along with the Governor's office selected 10 communities to provide a one-stop shop of technical and financial assistance to more efficiently and effectively engage in the downtown revitalization process. The ten DREAM communities selected were: Cape Girardeau, Excelsior Springs, Hannibal, Hermann, Kennett, Neosho, Sedalia, St. Joseph, Washington, and West Plains.

Future Projects

The Board will facilitate efforts in St. Louis to renovate the old Cardinal Ballpark site through the Ballpark Village MODESSA project.

The Board continues to work with the city of Kansas City on the Kauffman Center for the Performing Arts, the renovation of the Truman Sports Complex as well as the downtown KC Live MODESA project.

In addition, the Board has four BUILD bonds in process, but not yet issued.

The Board, the Missouri Department of Economic Development and the Missouri Housing Development Commission announced the ten additional DREAM communities at the Governor's Conference in August. Those communities designated were: Aurora, Caruthersville, Chillicothe, Clinton, Kirksville, Maryville, Mexico, Poplar Bluff, Sikeston, and Trenton. These 10 communities along with those previously designated in 2006 will receive assistance for the redevelopment of their downtowns.

RELEVANT FINANCIAL POLICIES

Internal Controls

In fulfilling its responsibilities for reliable financial statements, management depends on the Board's system of internal control. This system is designed to provide reasonable assurance that assets are effectively safeguarded and transactions are executed in accordance with management's authorization and properly classified. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

The members of the Board review and approve financial information on a monthly basis for appropriateness, reliability, clarity, and timeliness.

Budgetary Controls

The Board is not legally required to adopt a fiscal budget; however, for the fiscal years ending June 30, 2007 and June 30, 2006, the Board has adopted an operational budget for internal use only. Hence, no budget-to-actual schedules are included within the financial statements.

Primary Functions

The Board's mission is to assist infrastructure and economic development projects in Missouri that have a high probability of success, but are not feasible without the Board's assistance.

The Board's primary function is to structure and participate in the financing of Missouri business and public infrastructure. As mentioned before, the Board administers thirteen different programs that correspond to its mission to benefit the citizens of the State of Missouri.

Proprietary Operations

The Board's funds are all Proprietary – Enterprise funds and are maintained on the accrual basis of accounting. Thus, revenues are recognized when earned and expenses are recorded when the liability is incurred.

Debt Administration

One of the Board's primary functions is as a conduit issuer of bonds for public and private entities. With the exception of the NSG project entered into during fiscal year 2005 and the St. Louis Conference Center Hotel and Garage project entered into during fiscal year 2001, the Board has no liability for repayment of revenue bonds and funding notes aside from any required reserve fund deposits and, accordingly, these conduit bonds and notes have not been recorded in the accompanying financial statements. Security for the bondholders consists of insurance, letters of credit, annual appropriation pledges, and certain funds held through trustees under the various indentures.

For additional information regarding the Board's debt, refer to Note 7 of the notes to the financial statements and the debt-related tables presented in the Statistical Section of this Report.

Cash Management

The accounting department strives to keep abreast of current trends and procedures for cash management and forecasting to insure the efficient and profitable use of the Board's cash resources. Interest bearing accounts are used for all cash operations, with excess funds invested primarily in short-term U.S. Government Agency securities. All funds in bank accounts are 100% collateralized.

Risk Management

Fiduciary bonding and workers compensation insurance are maintained through various commercial insurance companies. The Board carries commercial property, comprehensive liability, and business interruption insurance policies on the St. Louis Conference Center Hotel parking garage, the Kansas City Library parking garage and the Ninth Street Garage. The Board is self-insured for all other risks of loss.

The Board maintains employee health insurance through Anthem Blue Cross and Blue Shield Health Insurance. The Board pays for employee and family coverage.

The Board provides life insurance for its employees at two times their annual salary and long-term disability insurance through American General and Northwest Mutual Insurance Company, respectively.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Missouri Development Finance Board for its Comprehensive Annual Financial Reports for the fiscal year ended June 30, 2006. This is the seventh consecutive year the Board has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of the comprehensive annual financial report could not have been accomplished without the dedicated services of all Board staff. We would like to thank the firm of Williams-Keepers LLC and their staff for their assistance in the preparation of this report and Pamela Ives Hill, CPA for her contributions to this year's report.

Respectfully submitted,

Krystal Davis

Krystal Davis, CPA
Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Missouri Development Finance Board

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Members of the Missouri
Development Finance Board:

We have audited the accompanying financial statements of the business-type activities, each major fund (Industrial Development and Reserve Fund, Parking Garage Fund, Infrastructure Development Fund), and the discretely presented component unit of the Missouri Development Finance Board (the Board), a component unit of the State of Missouri, as of and for the years ended June 30, 2007 and 2006, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities, each major fund (Industrial Development and Reserve Fund, Parking Garage Fund, Infrastructure Development Fund), and the discretely presented component unit of the Missouri Development Finance Board as of June 30, 2007 and 2006, and the respective changes in its financial position and cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly we express no opinion on them.

Williams Keepers LLC

October 11, 2007

Management's Discussion and Analysis

As management of the Missouri Development Finance Board (the "Board"), we offer readers of the Board's financial statements this narrative overview and analysis of the financial activities of our organization for the fiscal year ended June 30, 2007.

Financial Highlights

- The assets of the Board exceeded its liabilities at the close of the 2007 fiscal year by $76,054,613 (*Net Assets).* Of this amount, $38,646,392 *(Unrestricted Net Assets)* may be used to meet the Board's ongoing obligations to citizens and creditors.

- The Board's total net assets increased by $4,704,551 during fiscal year 2007. The increase can be attributed to an increase in participation fees which are a result of fee structure changes. The funds generated will be used to facilitate the new DREAM and other outreach initiatives in future years.

- At the end of the 2007 fiscal year, the unrestricted fund balance for the Industrial Development and Reserve Fund was $33,528,189, or approximately 19.06 times the Industrial Development and Reserve Fund's 2007 operating and non-operating expenditures of $1,759,261.

- The Board's total debt remained the same as no principal was paid and no new debt was issued during the fiscal year ending June 30, 2007.

- In addition, the Board received $225,000 and $2,600,000 in non-tax credit enhanced contributions in fiscal years 2007 and 2006, respectively, for the construction of the NSG and renovation of the OPO Projects. The $225,000 received in 2007 was loaned to the developer of the OPO to fund a museum honoring the history of the Old Post Office building. The garage operations are a new source of revenue and expense for the Board, as well as an increase in capital assets. Please see notes 7, 8, and 9 to the financial statements for further details.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Board's basic financial statements. Typically, government financial statements would be presented as three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

However, because the Board uses only Proprietary funds which present financial statement information in the same manner as government-wide financial statements only with more detail, we present two components. The Board's basic financial statements comprise: 1) fund financial statements and 2) notes to the financial statements.

(Continued)

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Board, like other discretely presented component units of the State of Missouri (as defined by GASB Statement No. 14), uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. There are three categories available for governmental accounting: governmental funds, proprietary funds and fiduciary funds. The Board's funds are considered proprietary funds.

Proprietary funds. Of the two types of proprietary funds, the Board maintains one type: Enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities. Specifically, Enterprise funds account for operations that provide a service to citizens that are financed primarily by a user charge for the provision of that service. Enterprise funds also account for activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Industrial Development and Reserve Fund, the Parking Garage Fund, and the Infrastructure Development Fund (MIDOC). The Industrial Development and Reserve Fund and the Parking Garage Fund are considered to be major funds of the Board.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Board, assets exceeded liabilities by $76,054,613 at the close of fiscal year 2007, by $71,350,061 at the close of fiscal year 2006, and by $69,488,000 at the close of fiscal year 2005.

The following summarizes the composition of the Board's net assets as of June 30:

	2007		2006		2005	
	$	%	$	%	$	%
Investment in capital assets, net of related debt	$ 30,561,762	40.18%	$ 19,317,590	27.07%	$ 9,493,788	13.66%
Restricted	6,846,459	9.00%	19,377,826	27.16%	34,903,578	50.23%
Unrestricted	38,646,392	50.81%	32,654,645	45.77%	25,090,634	36.11%
	$ 76,054,614	100.00%	$ 71,350,061	100.00%	$ 69,488,000	100.00%

Unrestricted net assets are funds which may be used to meet the Board's ongoing obligations to citizens and creditors. Restricted net assets are restricted to specific purposes and may not be used for anything else. Capital assets are used to provide services to the citizens of Missouri.

(Continued)

The increase in investment in capital assets, net of related debt in 2007, is due to the construction activity on the NSG project for the parking garage in St. Louis. The increase in 2006 is the result of the redemption of $2.75 million in bond debt on the SLCCHG project. The decrease in investment in capital assets, net of related debt, for fiscal year 2005 is primarily due to the issuance of $16,500,000 in bond debt for the NSG project for the construction of the parking garage in St. Louis. Due to the significance of operations, this activity is reflected in the Parking Garage Fund. In addition, construction in progress of $1,588,445 at June 30, 2005, related to the OPO project was reclassified to a note receivable due to the terms of the project closing in October, 2004. This was recorded in the Industrial Development and Reserve Fund.

Restricted net assets decreased $12,531,367 (65%) from 2006 to 2007. The decrease in restricted net assets for the current fiscal year is due to $11,907,511 in project funds used in the construction of the NSG project, and the return of $500,000 in restricted debt service reserve funds. Restricted net assets decreased $15,525,752 (45%) from 2005 to 2006 primarily due to the use of restricted funds which were loaned to the developer for the renovation of the OPO project and the construction activities on the NSG project. Restricted net assets increased $27,993,845 (405%) from 2004 to 2005 primarily due to the increase in the OPO project loan for disbursements on this renovation project and the issuance of $16,500,000 in industrial revenue bonds on the NSG project.

The increase in net assets for the current fiscal year is due to increased participation fee income and favorable returns on investments. In addition, during fiscal year 2007, net income was positively affected by the NSG becoming fully operational. The increase in net assets for fiscal year 2006 is due to contributed revenue of $2,600,000 for the NSG and OPO project offset by a $737,939 decrease in income before contributed revenue

The following summarizes the changes in net assets for the years ended June 30:

	2007		2006		2005	
	$	%	$	%	$	%
Operating income (loss)	$ 2,343,625	49.82%	$ (2,133,284)	-114.57%	$ (9,142,828)	-75.80%
Non-operating revenue	2,135,926	45.40%	1,395,346	74.94%	690,686	5.73%
Contributed revenue	225,000	4.78%	2,600,000	139.63%	20,514,142	170.07%
Gain on sale of asset	-	0.00%	-	0.00%	-	0.00%
Change in net assets	$ 4,704,551	100.00%	$ 1,862,062	100.00%	$ 12,062,000	100.00%

In comparison with 2006, the positive operating income increase of $4.3 million in 2007 is the result of numerous factors. Participation fees are up 140% to $2,603,017 due to a new fee structure, the Ninth Street Garage became partially operational in October of 2006 and substantially complete in February 2007 with a profit of $77,097 and bad debt expense was down significantly from $3.4 million to approximately $7,000. Non-operating revenue was up due to the volume of funds on hand for the tax credit for contribution program and the associated increase in investment income.

The decrease in operating loss from 2005 to 2006 by $7,009,544 is primarily related to an increase in parking garage revenues of $444,205, increased interest income on loans and notes receivable of $92,487 and decreased operating expenses of $6,424,439.

(Continued)

Further detailed information related to the Board's net assets and changes in net assets are included on the following pages.

Missouri Development Finance Board's Net Assets

	Business-Type Activities														
	Industrial Development & Reserve Fund	Parking Garage Funds	Infrastructure Development Fund	Eliminations or Transfers	Industrial Development & Reserve Fund	Parking Garage Funds	Infrastructure Development Fund	Eliminations or Transfers	Industrial Development & Reserve Fund	Parking Garage Funds	Infrastructure Development Fund	Eliminations or Transfers	Totals	Totals	Totals
	2007	2007	2007	2007	2006	2006	2006	2006	2005	2005	2005	2005	2007	2006	2005
Current & Other assets	33,791,688	2,815,449	2,528,103		28,655,723	1,788,839	2,462,871		24,728,736	399,714	2,379,218	(1,172,992)	39,135,240	32,907,433	26,334,676
Restricted Assets	46,567,035	3,611,257			35,398,942	15,844,678			40,302,221	26,921,846			50,178,292	51,243,620	67,224,067
Capital assets	1,404,087	61,007,675			1,482,004	49,685,586			1,563,286	42,530,502			62,411,762	51,167,590	44,093,788
Total assets	81,762,810	67,434,380	2,528,103		65,536,669	67,319,104	2,462,871		66,594,243	69,852,062	2,379,218	(1,172,992)	151,725,293	135,318,644	137,652,531
Current liabilities	263,499	225,348			133,755	118,286	747		312,418	2,985,432	750	(1,172,992)	488,847	252,788	2,125,608
Long-term liabilities outstanding	43,331,833	31,850,000			31,865,794	31,850,000			31,438,923	34,600,000			75,181,833	63,715,794	66,038,923
Total liabilities	43,595,332	32,075,348			31,999,549	31,968,286	747		31,751,341	37,585,432	750	(1,172,992)	75,670,680	63,968,582	68,164,531
Net Assets:														-	
Invested in capital assets, net of related debt	1,404,087	29,157,675			1,482,004	17,835,586			1,563,286	7,930,502			30,561,762	19,317,590	9,493,788
Restricted	3,235,202	3,611,257			3,533,148	15,844,678			7,981,732	26,921,846			6,846,459	19,377,826	34,903,578
Unrestricted	33,528,189	2,590,100	2,528,103		28,521,968	1,670,553	2,462,124		25,297,884	(2,585,718)	2,378,468		38,646,392	32,654,645	25,090,634
Total net assets	38,167,478	35,359,033	2,528,103		33,537,120	35,350,818	2,462,124		34,842,902	32,266,630	2,378,468		76,054,614	71,350,062	69,488,000

(Continued)

MISSOURI DEVELOPMENT FINANCE BOARD
(A Component Unit of the State of Missouri)

Missouri Development Finance Board Change in Net Assets

Business-Type Activities												
	Industrial Development & Reserve Fund	Parking Garage Fund	Infrastructure Development Fund	Industrial Development & Reserve Fund	Parking Garage Fund	Infrastructure Development Fund	Industrial Development & Reserve Fund	Parking Garage Fund	Infrastructure Development Fund	Totals	Totals	Totals
	2007	2007	2007	2006	2006	2006	2005	2005	2005	2007	2006	2005
Revenues:												
Participation fees	2,603,017			1,080,859			1,098,353			2,603,017	1,080,859	1,098,353
Interest on loans & notes receivables	382,386		50,029	266,911		58,427	180,044		52,807	432,415	325,338	232,851
Rental income	25,008			25,008			25,057			25,008	25,008	25,057
Contractual income	68,757			61,342			60,648			68,757	61,342	60,648
Parking garage income		2,879,850			2,259,686			1,815,481		2,879,850	2,259,686	1,815,481
Other income	236,924			119,272			54,010			236,924	119,272	54,010
Capital grants & contributions	225,000	-		100,000	2,500,000		10,491,144	10,022,998		225,000	2,600,000	20,514,142
Non-operating revenues:												
Interest on cash & investments	2,895,832	160,301	15,950	1,498,271	605,669	25,229	758,870	476,432	6,330	3,072,083	2,129,169	1,241,632
Total revenues	6,436,924	3,040,151	65,979	3,151,663	5,365,355	83,656	12,668,126	12,314,911	59,137	9,543,054	8,600,674	25,042,174
Expenses:												
Personnel	697,353			623,541			603,068			697,353	623,541	603,068
Professional fees	154,103	7,079		54,954	1,800		542,008	2,581		161,182	56,754	544,589
Depreciation & amortization	82,094	942,437		84,294	659,078		75,899	607,117		1,024,531	743,372	683,016
Parking garage operating expenses		1,115,373			883,789			813,265		1,115,373	883,789	813,265
Other expenses	873,016	30,891	-	3,694,656	2,677	-	9,666,956	26,475	91,859	903,907	3,697,333	9,785,290
Non-operating expenses:												
Bond interest expense		936,157			733,823			550,946		936,157	733,823	550,946
Total Expenses	1,806,566	3,031,937	-	4,457,445	2,281,167	-	10,887,931	2,000,384	91,859	4,838,504	6,738,612	12,980,174
Increase in net assets	4,630,358	8,214	65,979	(1,305,782)	3,084,188	83,656	1,780,195	10,314,527	(32,722)	4,704,551	1,862,062	12,062,000
Net assets, beginning of year	33,537,120	35,350,818	2,462,124	34,842,902	32,266,630	2,378,468	34,842,902	23,085,333	2,411,190	71,350,062	69,488,000	60,339,425
Interfund transfers	-	-		-	-		1,133,230	(1,133,230)		-	-	-
Gain on sale of asset										-	-	-
Net assets, end of year	38,167,478	35,359,032	2,528,103	33,537,120	35,350,818	2,462,124	34,842,902	32,266,630	2,378,468	76,054,613	71,350,062	69,488,000

(Continued)

- Participation fees increased by $1,522,158 (140.8%) in the current fiscal year. The increase is due to increased fees on the tax credit for contribution program. Participation fees declined by $17,494 (1.6%) during fiscal year 2006. The 1.6% decline is due to decreased fee income for the tax credit for contribution program. Participation fees declined by $275,306 (20%) during fiscal year 2005. The 20% decline is due to decreased fee income for the tax credit for contribution program.

- Interest on loans and notes receivable increased slightly in 2007 by $107,077 (33%), $92,487 (39.7%) in 2006 and by $8,897 (3.97%) in 2005. The increase (33%) in 2007 is attributable to a $3.1 million loan issued to the City of Springfield to purchase the HEERS Building in downtown Springfield. The 40% increase in 2006 is primarily due to interest earned on the OPO loan. The small increase in 2005 is primarily due to the City of Liberty direct loan and a decline in the Infrastructure Development Fund loan portfolio.

- Parking garage operating revenue increased $483,523 (21.40%) due to the opening of the Ninth Street Garage in downtown St. Louis and improved revenues at the Kansas City Library Garage. The $444,205 increase (24.5%) during fiscal year 2006 is due to improved parking attendance and due to a profit at the KCLG. Parking garage operating revenue increased $241,928 (15.37%) in the 2005 fiscal year. This is due to having both the Kansas City Library parking garage and the St. Louis Conference Center Hotel parking garage operational for the entire fiscal year.

- Contributed revenue in the amount of $225,000 was received in the current year for tenant improvements for a museum; however, for the current year, contributed revenue declined ($2,375,000) (91.35%) due the ending of fund raising on the OPO. Contributed revenue for 2006 declined $17,914,144 (87.3%), and for the fiscal year 2005 increased $14,714,783 (254%). The decline in 2006 is attributed to less contribution revenue on the Old Post Office and the 9th Street Garage projects. The 2005 fiscal year's increase is attributed to the recognition of $20,514,144 in deferred revenue as contributed revenue for the OPO and the NSG projects that closed in October 2004. See Note 9 to the financial statements for further details.

- Interest income on cash and investments increased $942,915 (44.29%) for the current fiscal year, $887,537 (71.5%) for the 2006 fiscal year and increased $664,951 (115%) for the 2005 fiscal year. The increase in 2007 can be attributed to higher balances in tax credit for contribution accounts. In 2006 and 2007 the increases are due to the interest earned on the additional contributed revenue, invested bond proceeds and the increasing interest rate environment we experienced. For fiscal years 2007, 2006, and, 2005 the Board's average interest rate on cash and investments was approximately 5.40%, 4.33%, and 1.66%, respectively.

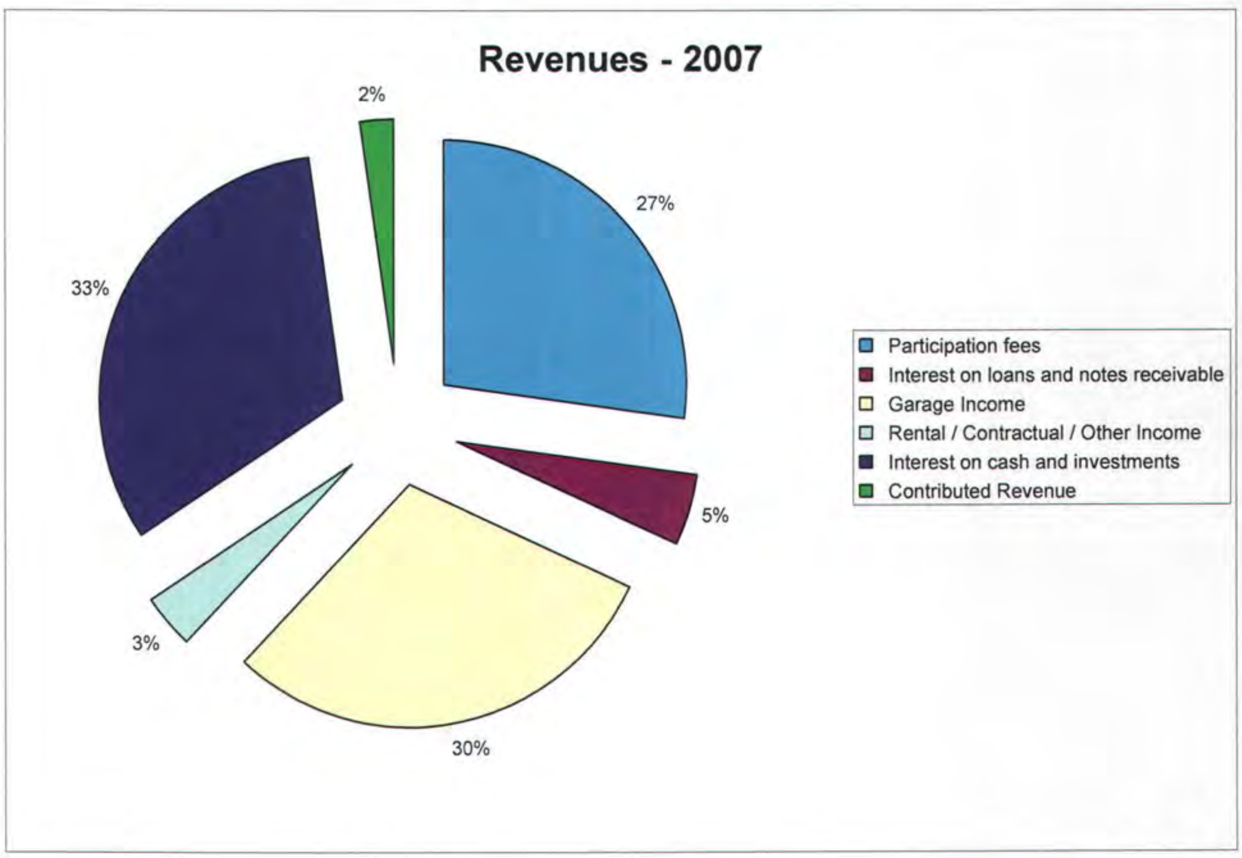
- The Parking Garage Fund was established in 2003 by the Board to account for the construction and ongoing operations of three parking garages. The three garages are as follows: St. Louis Conference Center Hotel Garage (SLCCHG), Ninth Street Garage (NSG) supporting the OPO redevelopment in St. Louis, and the Kansas City Public Library Garage (KCLG). The Board is the sole owner of these garages. SLCCHG was placed in service during FY2003; the KCLG was placed in service in FY2004 and the NSG was placed in service in early 2007.

- There were no interfund transfers during fiscal years 2007 and 2006. For the 2005 fiscal year, the eliminations/transfers are for funds that are allocated to the OPO Project upon closing on the project in October 2004 instead of the NSG Project.

In the current fiscal year, expenses decreased $2,597,754 (43%) due primarily to decreased bad debt expense of $(3,359,268) offset by modest increases in every other category (with the exception of a minor decrease in travel expense) as follows: personnel services increased $73,812 (12%), professional fees increased $104,425 (184%), supplies and other increased $34,586 (31%), depreciation increased $281,159 (38%), parking garage operating expenses increased $231,584 (26%) and miscellaneous increased $36,564 (123%).

In the 2006 fiscal year, expenses decreased $6,241,562 (48%) due primarily to decreased bad debt expense of $5,950,607 (63%), decreased professional fees of $487,835 (89.6%) and increased bond interest expense of $220,880 (57%) offset by other slightly decreased expenses.

In the 2005 fiscal year, expenses increased by $10,587,008 (442%) due to an increase in personnel service expense of $68,518 (13%); increased professional fees of $441,903, which includes $389,591 (379%) for professional studies requested by the Department of Economic Development and $52,312 (51%) in additional professional fees for Board activities; increased depreciation expense of $138,309 (25%) due to the KCLG and increased parking garage operating costs of $244,871 (43%). In addition, other increases include increased other expense of $9,602,358 (5249%), which includes increased bad debt expense $9,448,681 (100%) due to creation of bad debt estimates, and increased bond interest expense of $99,661 (22%) due to rising rate environment and additional bond debt for the NSG Project.



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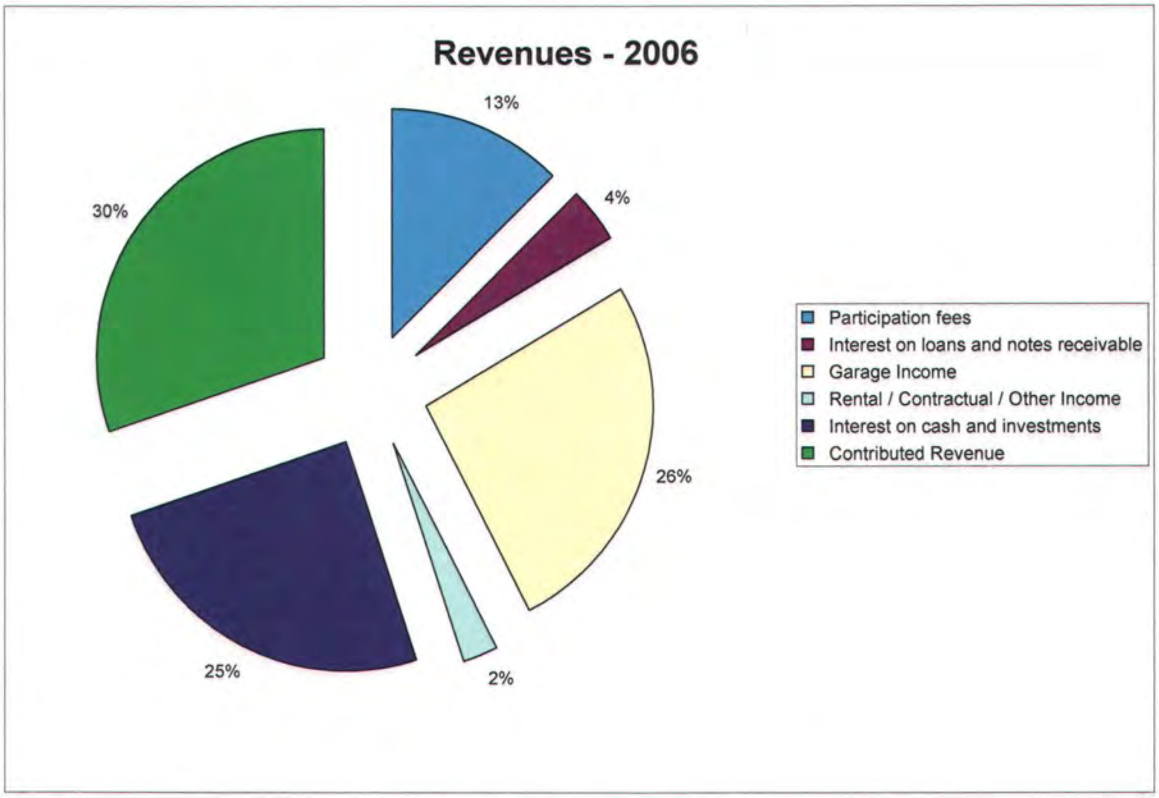
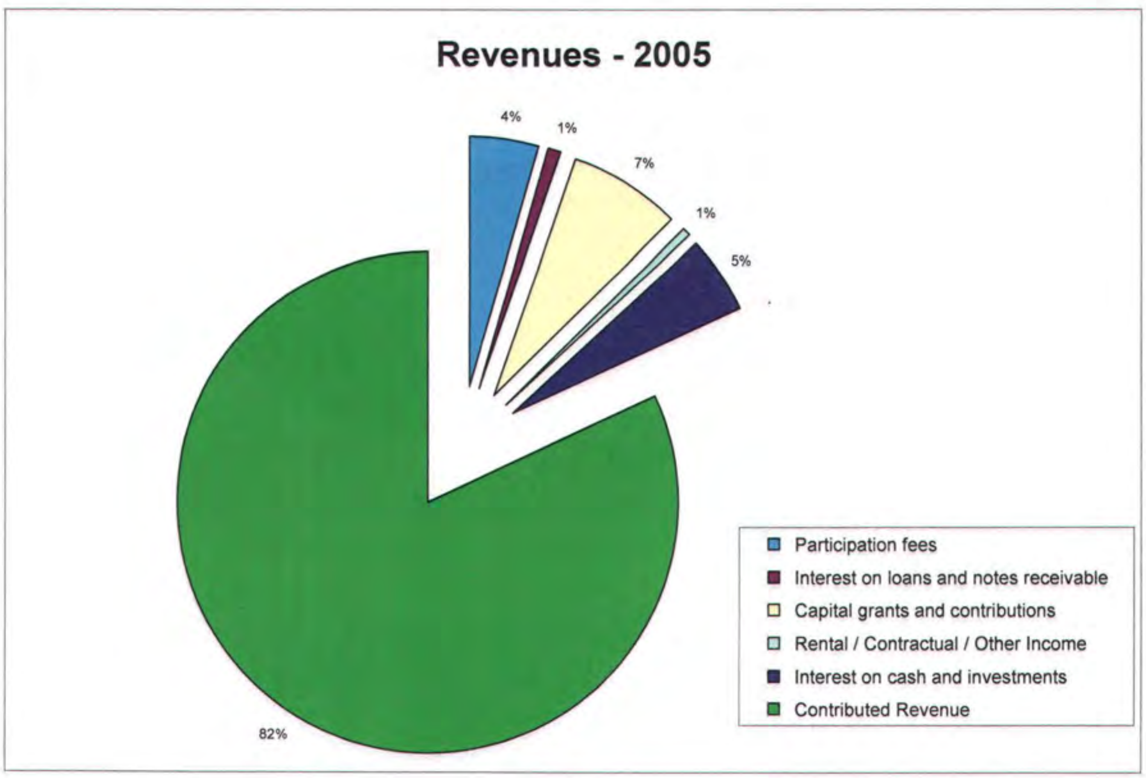

Revenues - 2006
13%
4%
30%
26%
25%
2%
Participation fees
Interest on loans and notes receivable
Garage Income
Rental / Contractual / Other Income
Interest on cash and investments
Contributed Revenue


Revenues - 2005
4%
1%
7%
1%
5%
82%
Participation fees
Interest on loans and notes receivable
Capital grants and contributions
Rental / Contractual / Other Income
Interest on cash and investments
Contributed Revenue

Capital Assets and Debt Administration

The Board's investment in capital assets for its business type activities as of June 30, 2007 amounts to $62,411,760, net of depreciation. This is an increase of $11,244,170 from June 30, 2006. The 2006's years investment in capital assets amounts to $51,167,590, net of depreciation, an increase of $7,073,803 from June 30, 2005, while the 2005 year's investment in capital assets amounts to $44,093,787, net of depreciation, an increase of $5,959,111 from June 30, 2004. This investment in capital assets includes land, buildings, and equipment. The total increase in the Board's investment in capital assets for fiscal years' 2007, 2006 and 2005 was 22%, 16%, and 16%, respectively.

The major capital asset event in the 2007 fiscal year was the completion of the Ninth Street Garage. In fiscal year 2006, the continued construction of the NSG project in St. Louis resulted in the growth of capital assets balances. In the 2005 fiscal year, major capital asset events are the completion of the façade on the KCLG, the demolition of the Century Building and the start of construction on the NSG project (a component of the NSG/OPO project), and tenant improvements in our new office suite.

Missouri Development Finance Board's Capital Assets
(net of depreciation)

	2007	2006	2005
Land	$ 9,271,176	$ 9,271,177	$ 9,271,177
Construction in process	-	16,347,967	10,420,745
Buildings and façade	53,018,022	25,435,728	24,288,579
Equipment	81,238	65,885	60,943
Leasehold improvements	41,324	46,833	52,344
Total	$ 62,411,760	$ 51,167,590	$ 44,093,788

Additional information on the Board's capital assets can be found in note 5 to the financial statements.

Long-term Debt

At the end of the current fiscal year and the fiscal year ending June 30, 2006, the Board had total bond debt outstanding of $31,850,000. The decrease in bond debt outstanding from fiscal year end 2005 is due to the redemption of $1,290,000 St. Louis Conference Center Hotel Garage Series 2000B, taxable infrastructure facilities revenue bonds and $1,460,000 St. Louis Conference Center Hotel Garage Series 2000C, tax exempt infrastructure facilities revenue bonds.

The Board's debt for the 2005 fiscal year represents $9,500,000 in Ninth Street Garage Series 2004A taxable infrastructure facilities revenue bonds; $7,000,000 in Ninth Street Garage Series 2004B tax-exempt infrastructure facilities revenue bonds; $5,200,000 in St. Louis Conference Center Hotel Series 2000B taxable infrastructure facilities revenue bonds; and $12,900,000 St. Louis Conference Center Hotel Series 2000C tax-exempt infrastructure facilities revenue bonds.

(Continued)

None of this amount comprises debt backed by the full faith and credit of the state of Missouri.

Missouri Development Finance Board's Outstanding Debt			
	2007	2006	2005
Long-term debt	$ 31,850,000	$ 31,850,000	$ 34,600,000

Additional information on the Board's long-term debt can be found in note 7 to the financial statements.

Items of Significance for the Current Year

In the current year, the following items of interest occurred:

During the fiscal year ending June 30, 2006, the Board along with the Department of Economic Development and the Missouri Housing Development Commission began work with the ten designated DREAM communities. Representatives from each agency met with leaders in all ten communities to develop plans for redeveloping their downtowns. The ten DREAM communities assisted were: Cape Girardeau, Excelsior Springs, Hannibal, Hermann, Kennett, Neosho, Sedalia, St. Joseph, Washington and West Plains. These 10 communities will receive assistance over the next 3 years.

In August 2006 the Board approved Tax-Exempt Revenue Bonds in the amount of $4 million to purchase and renovate a facility for the St. Louis Area Food Bank. A volunteer center, a distribution area for partner agencies and a refrigeration area will all be renovated as part of this project. Later in March 2007, the Board approved $1.5 million in tax credits for the benefit of the project.

In October 2006, the Board approved tax credits for the City of Kansas City in the amount of $4,000,000 to leverage contributions of $8,000,000 for the benefit of the Midwest Research Institute (MRI). MRI staff conducts research and development in the health, agriculture, energy, national security and defense, foods safety and engineering for industry and government. The project will renovate 50% of the building. With the improved space efficiency, MRI expects to add 150 highly skilled new employees working in the labs.

On February 20, 2007 the Board approved tax credits for the City of Creve Coeur in the amount of $1,750,000 to leverage $3,500,000 in contributions for the benefit of the Donald Danforth Plant Science Center. The Danforth Center building opened in 2001 and has become the centerpiece of an innovative initiative that is applying the most modern scientific and business thinking to the age-old problem of providing food, plant and forestry to the people of the world in ways that can be sustained for generations to come. The approved credits will facilitate expansion of an additional 14,300 square feet of greenhouse space that will double the existing greenhouse capacity. The effort will expand an existing dry lab to include wet lab space.

In March 2007, the Board approved $158,935,000 in conduit revenue bond for the benefit of the Kauffman Center for the Performing Arts. The issue will support the construction of a 360,000-square foot building which includes a 1,600 seat hall for musical concerts that will be home to the Kansas City Symphony and other mid-sized musical organizations.

(Continued)

The Kansas City Ballet and the Lyric Opera, as well as other national and international acts, will use a 1,800 seat hall. The structure will also have a smaller multi-use venue for 400 people. In 2003, the Board approved $25 million in tax credits. The credits have been utilized through 2007 to leverage private donations for the Center.

The Ninth Street Garage, a 1,050 space multi-level parking garage located to the west of the OPO project, became partially operational in October 2006 and substantially complete in February of 2007. The Board has entered into long-term leases with tenants of the OPO project and with surrounding businesses and building owners.

On June 29, 2006, a Tax Credit for Contribution Application for $50 million in tax credits was approved for the Jackson County Sports Authority to renovate the Harry S. Truman Sports Complex in Kansas City, Missouri. The Truman Sports Complex consists of Arrowhead Stadium, occupied by the Kansas City Chiefs Football Club, Inc., and Kauffman Stadium, occupied by the Kansas City Royals Baseball Corporation. The total cost of the project is budgeted at $575 million — $250 million for Kauffman Stadium and $325 million for Arrowhead Stadium. During the fiscal year ending June 20, 2007 a contribution of $5 million was received and $4.8 million was disbursed for the benefit of the Arrowhead Stadium portion of the project.

Significant Events for Next Year

In the coming fiscal year, we anticipate the following significant events:

The Board anticipates a strong commitment to the revitalization of downtowns across the State of Missouri.

The Board will continue to assist St. Louis and Kansas City in their on-going economic development revitalization of their downtown cores through the approved MODESA projects, KC Live and Ballpark Village.

The Board, the Missouri Department of Economic Development and the Missouri Housing Development Commission announced the ten additional DREAM communities at the Governor's Conference in August 2007. Those communities designated were: Aurora, Caruthersville, Chillicothe, Clinton, Kirksville, Maryville, Mexico, Poplar Bluff, Sikeston, and Trenton. These 10 communities along with those previously designated in 2006 will receive assistance for the redevelopment of their downtowns.

Requests for Information

This financial report is designed to provide a general overview of the Missouri Development Finance Board's finances for all those with an interest in the Board's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Missouri Development Finance Board, Controller, P. O. Box 567, 200 Madison, Suite 1000, Jefferson City, Missouri 65102.

(Continued)

MISSOURI DEVELOPMENT FINANCE BOARD
STATEMENT OF NET ASSETS
JUNE 30, 2007

	Industrial Development and Reserve Fund	Parking Garage Fund	Infrastructure Development (MIDOC Loan) Fund	Total Business-Type Activities	Component Unit Missouri Community Investment Corporation
ASSETS					
Current assets:					
Cash	$ 1,993,435	$ 153,120	$ 360,867	$ 2,507,422	$ -
Investments	22,053,554	2,355,975	-	24,409,529	-
Current portion of loans and notes receivable	3,362,000	-	543,499	3,905,499	-
Accrued interest on investments	539,011	4,847	-	543,858	-
Accrued interest on loans and notes receivable	123,949	-	28,350	152,299	-
Prepaid expense and other assets	98,841	301,507	-	400,348	-
Total current assets	28,170,790	2,815,449	932,716	31,918,955	-
Noncurrent assets:					
Board designated investment	977,249	-	-	977,249	-
Restricted assets	46,567,035	3,611,257	-	50,178,292	-
Long-term portion of loans and notes receivable	4,641,616	-	1,595,387	6,237,003	-
Bond issuance costs, less accumulated amortization of $61,061	2,033	-	-	2,033	-
Capital assets:					
Assets not being depreciated	-	9,271,177	-	9,271,177	-
Assets being depreciated, net	1,404,087	51,736,498	-	53,140,585	-
Total noncurrent assets	53,592,020	64,618,932	1,595,387	119,806,339	-
Total assets	$ 81,762,810	$ 67,434,380	$ 2,528,103	$ 151,725,293	$ -
LIABILITIES					
Current liabilities:					
Accounts payable and other accrued liabilities	$ 263,499	$ 102,448	$ -	$ 365,947	$ -
Accrued bond interest payable	-	122,900	-	122,900	-
Total current liabilities	263,499	225,348	-	488,847	-
Noncurrent liabilities:					-
Long-term debt	-	31,850,000	-	31,850,000	-
Payable from restricted assets:					
Tax credit for contribution and other deposits	43,331,833	-	-	43,331,833	-
Total noncurrent liabilities	43,331,833	31,850,000	-	75,181,833	-
Total liabilities	43,595,332	32,075,348	-	75,670,680	-
NET ASSETS					
Invested in capital assets, net of related debt	1,404,087	29,157,675	-	30,561,762	-
Restricted:					
Tax credit and second loss reserves	1,524,999	-	-	1,524,999	-
Project accounts	1,710,203	3,611,257	-	5,321,460	-
Unrestricted	33,528,189	2,590,100	2,528,103	38,646,392	-
Total net assets	38,167,478	35,359,032	2,528,103	76,054,613	-
Total liabilities and net assets	$ 81,762,810	$ 67,434,380	$ 2,528,103	$ 151,725,293	$ -

The notes to the financial statements are an integral part of this statement.

MISSOURI DEVELOPMENT FINANCE BOARD
STATEMENT OF NET ASSETS
JUNE 30, 2006

	Industrial Development and Reserve Fund	Parking Garage Fund	Infrastructure Development (MIDOC Loan) Fund	Total Business-Type Activities
ASSETS				
Current assets:				
Cash	$ 1,455,699	$ 106,317	$ 842,439	$ 2,404,455
Investments	20,736,492	1,546,000	-	22,282,492
Current portion of loans and notes receivable	399,000	-	205,191	604,191
Accrued interest on investments	252,830	30,917	-	283,747
Accrued interest on loans and notes receivable	89,407	-	31,471	120,878
Prepaid expense and other assets	18,565	105,605	-	124,170
Total current assets	22,951,993	1,788,839	1,079,101	25,819,933
Noncurrent assets:				
Board designated investment	935,588	-	-	935,588
Restricted assets	35,398,942	15,844,678	-	51,243,620
Long-term portion of loans and notes receivable	4,763,098	-	1,383,770	6,146,868
Bond issuance costs, less accumulated amortization of $61,061	5,044	-	-	5,044
Capital assets:				
Assets not being depreciated	-	25,619,144	-	25,619,144
Assets being depreciated, net	1,482,004	24,066,442	-	25,548,446
Total noncurrent assets	42,584,676	65,530,264	1,383,770	109,498,710
Total assets	$ 65,536,669	$ 67,319,104	$ 2,462,871	$ 135,318,644
LIABILITIES				
Current liabilities:				
Accounts payable and other accrued liabilities	$ 133,755	$ -	$ 747	$ 134,502
Accrued bond interest payable	-	118,286	-	118,286
Total current liabilities	133,755	118,286	747	252,788
Noncurrent liabilities:				
Long-term debt	-	31,850,000	-	31,850,000
Payable from restricted assets:				
Tax credit for contribution and other deposits	31,865,794	-	-	31,865,794
Total noncurrent liabilities	31,865,794	31,850,000	-	63,715,794
Total liabilities	31,999,549	31,968,286	747	63,968,582
NET ASSETS				
Invested in capital assets, net of related debt	1,482,004	17,835,586	-	19,317,590
Restricted:				
Tax credit and second loss reserves	2,025,001	-	-	2,025,001
Project accounts	1,508,147	15,844,678	-	17,352,825
Unrestricted	28,521,968	1,670,553	2,462,124	32,654,645
Total net assets	33,537,120	35,350,817	2,462,124	71,350,061
Total liabilities and net assets	$ 65,536,669	$ 67,319,104	$ 2,462,871	$ 135,318,644

The notes to the financial statements are an integral part of this statement.

MISSOURI DEVELOPMENT FINANCE BOARD
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

	Industrial Development and Reserve Fund	Parking Garage Fund	Infrastructure Development (MIDOC Loan) Fund	Total Business-Type Activities	Component Unit Missouri Community Investment Corporation
OPERATING REVENUES:					
Participation fees	$ 2,603,017	$ -	$ -	$ 2,603,017	$ -
Interest income on loans and notes receivable	382,386	-	50,029	432,415	-
Rental income	25,008	-	-	25,008	-
Contractual income	68,757	-	-	68,757	-
Other income	236,924	136,641	-	373,565	17,500
Parking garage revenues	-	2,743,209	-	2,743,209	-
Total operating revenues	3,316,092	2,879,850	50,029	6,245,971	17,500
OPERATING EXPENSES:					
Personnel services	697,353	-	-	697,353	1,435
Professional fees	154,103	7,079	-	161,182	35,000
Travel	58,646	-	-	58,646	2,142
Supplies and other	144,828	-	-	144,828	-
Depreciation and amortization	82,094	942,437	-	1,024,531	-
Parking garage operating expenses	-	1,115,373	-	1,115,373	-
New program implementation	495,312	-	-	495,312	-
Bad debt expense	138,806	-	-	138,806	-
Miscellaneous	35,425	30,891	-	66,316	-
Total operating expenses	1,806,566	2,095,780	-	3,902,346	38,577
Operating income (loss)	1,509,526	784,070	50,029	2,343,625	(21,077)
NON-OPERATING REVENUE (EXPENSE):					
Interest on cash and investments	2,895,832	160,301	15,950	3,072,083	-
Bond interest expense	-	(711,903)	-	(711,903)	-
Bond expense	-	(224,254)	-	(224,254)	-
Total non-operating revenue (expense)	2,895,832	(775,856)	15,950	2,135,926	-
Income (loss) before contributed revenue and interfund transfers	4,405,358	8,214	65,979	4,479,551	(21,077)
CONTRIBUTED REVENUE	225,000	-	-	225,000	21,077
Change in net assets	4,630,358	8,214	65,979	4,704,551	-
Total net assets - beginning	33,537,120	35,350,818	2,462,124	71,350,062	-
Total net assets - ending	$ 38,167,478	$ 35,359,032	$ 2,528,103	$ 76,054,613	$ -

The notes to the financial statements are an integral part of this statement.

MISSOURI DEVELOPMENT FINANCE BOARD
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006

	Industrial Development and Reserve Fund	Parking Garage Fund	Infrastructure Development (MIDOC Loan) Fund	Eliminations	Total Business-Type Activities
OPERATING REVENUES:					
Participation fees	$ 1,080,859	$ -	$ -	$ -	$ 1,080,859
Interest income on loans and notes receivable	266,911	-	58,427	-	325,338
Rental income	25,008	-	-	-	25,008
Contractual income	61,342	-	-	-	61,342
Other income	119,272	-	-	-	119,272
Parking garage revenues	-	2,259,686	-	-	2,259,686
Total operating revenues	1,553,392	2,259,686	58,427	-	3,871,505
OPERATING EXPENSES:					
Personnel services	623,541	-	-	-	623,541
Professional fees	54,954	1,800	-	-	56,754
Travel	59,265	-	-	-	59,265
Supplies and other	110,242	-	-	-	110,242
Depreciation and amortization	84,294	659,078	-	-	743,372
Parking garage operating expenses	-	883,789	-	-	883,789
Bad debt expense	3,498,074	-	-	-	3,498,074
Miscellaneous	27,075	2,677	-	-	29,752
Total operating expenses	4,457,445	1,547,344	-	-	6,004,789
Operating income (loss)	(2,904,053)	712,342	58,427	-	(2,133,284)
NON-OPERATING REVENUE (EXPENSE):					
Interest on cash and investments	1,498,271	605,669	25,229	-	2,129,169
Bond interest expense	-	(551,858)	-	-	(551,858)
Bond expense	-	(181,965)	-	-	(181,965)
Total non-operating revenue (expense)	1,498,271	(128,155)	25,229	-	1,395,346
Income (loss) before contributed revenue and interfund transfers	(1,405,782)	584,188	83,656	-	(737,939)
CONTRIBUTED REVENUE	100,000	2,500,000	-	-	2,600,000
INTERFUND TRANSFERS	-	-	-	-	-
Change in net assets	(1,305,782)	3,084,188	83,656	-	1,862,062
Total net assets - beginning	34,842,902	32,266,630	2,378,468	-	69,488,000
Total net assets - ending	$ 33,537,120	$ 35,350,818	$ 2,462,124	$ -	$ 71,350,062

The notes to the financial statements are an integral part of this statement.

MISSOURI DEVELOPMENT FINANCE BOARD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

	Industrial Development and Reserve Fund	Parking Garage Fund	Infrastructure Development Fund	Total Business-Type Activities	Component Unit Missouri Community Investment Corporation
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	$ 1,869,102	$ 2,879,850	$ 53,148	$ 4,802,100	$ 17,500
Receipts for tax credit projects	54,453,573	-	-	54,453,573	-
Payments to suppliers	(835,835)	(1,246,797)	(750)	(2,083,382)	(38,577)
Payments to tax credit projects	(41,075,062)	-	-	(41,075,062)	-
Payments to employees	(697,353)	-	-	(697,353)	-
Net cash provided (used) by operating activities	13,714,425	1,633,053	52,398	15,399,876	(21,077)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Loans and notes receivable principal payments	262,000	-	205,079	467,079	-
Loans and notes receivable issued	(3,110,659)	-	(755,000)	(3,865,659)	-
Contributed revenue	225,000	-	-	225,000	21,077
Net cash provided (used) by noncapital financing activities	(2,623,659)	-	(549,921)	(3,173,580)	21,077
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Bond interest paid	-	(931,543)	-	(931,543)	-
Acquisition of buildings and equipment	(4,177)	(12,264,526)	-	(12,268,703)	-
Net cash provided (used) by capital and related financing activities	(4,177)	(13,196,069)	-	(13,200,246)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of investments	(105,644,100)	(5,667,073)	-	(111,311,173)	-
Maturities of investments	71,198,392	4,857,101	-	76,055,493	-
Interest on cash and investments	2,511,481	186,371	15,951	2,713,803	-
Net cash provided (used) by investing activities	(31,934,227)	(623,601)	15,951	(32,541,877)	-
Net increase in cash and cash equivalents	(20,847,638)	(12,186,617)	(481,572)	(33,515,827)	-
Cash and cash equivalents - July 1	47,265,398	15,800,434	842,439	63,908,271	-
Cash and cash equivalents - June 30	$ 26,417,760	$ 3,613,817	$ 360,867	$ 30,392,444	$ -
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	$ 1,509,526	$ 784,070	$ 50,029	$ 2,343,625	$ (21,077)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization expenses	82,094	942,437	-	1,024,531	-
Increase (decrease) in allowance for bad debt	138,806	-	-	138,806	-
(Increase) decrease in accrued interest on loans and notes receivable	(34,542)	-	3,119	(31,423)	-
(Increase) decrease in prepaid expenses and other assets	(80,276)	(195,902)		(276,178)	-
Increase (decrease) in accounts payable and accrued liabilities	129,744	102,448	(750)	231,442	-
Increase (decrease) in tax credit for contribution deposits	11,466,062	-	-	11,466,062	-
Increase (decrease) in debt service reserve	500,000	-	-	500,000	-
Increase (decrease) in deferred charges	3,011	-	-	3,011	-
Total adjustments	12,204,899	848,983	2,369	13,056,251	-
Net cash provided (used) by operating activities	$ 13,714,425	$ 1,633,053	$ 52,398	$ 15,399,876	$ (21,077)
Reconciliation of cash and cash equivalents to the statement of net assets					-
Cash	1,993,435	153,120	360,867	2,507,422	-
Investments	22,053,554	2,355,975	-	24,409,529	-
Less: Portion maturing in 90 days or more	(19,536,956)	(2,355,975)	-	(21,892,931)	-
Less: Portion attributable to accrued interest	(22,954)	-	-	(22,954)	-
Board designated investment	977,249	-	-	977,249	-
Less: Portion maturing in 90 days or more	(918,855)	-	-	(918,855)	-
Restricted assets	46,567,035	3,611,257	-	50,178,292	-
Less: Portion maturing in 90 days or more	(24,423,561)	(150,000)	-	(24,573,561)	-
Less: Portion attributable to accrued interest	(271,187)	(560)	-	(271,747)	-
Total cash and cash equivalents	$ 26,417,760	$ 3,613,817	$ 360,867	$ 30,392,444	$ -

The notes to the financial statements are an integral part of this statement.

MISSOURI DEVELOPMENT FINANCE BOARD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006

	Industrial Development and Reserve Fund	Parking Garage Fund	Infrastructure Development Fund	Total Business-Type Activities
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 1,747,897	$ 2,259,686	$ 52,854	$ 4,060,437
Receipts for tax credit projects	17,668,860	-	-	17,668,860
Payments to suppliers	(433,531)	(2,709,717)	-	(3,143,248)
Payments to tax credit projects	(16,913,477)	-	-	(16,913,477)
Payments to employees	(623,541)	-	-	(623,541)
Net cash provided (used) by operating activities	1,446,208	(450,031)	52,854	1,049,031
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Loans and notes receivable principal payments	2,173,000	-	251,380	2,424,380
Loans and notes receivable issued	(5,221,006)	-	(100,000)	(5,321,006)
Interfund transfers	1,172,992	(1,172,992)	-	-
Net cash provided (used) by noncapital financing activities	(1,875,014)	(1,172,992)	151,380	(2,896,626)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Bond principal received	-	-	-	-
Bond principal paid	-	(2,750,000)	-	(2,750,000)
Bond interest paid	-	(682,146)	-	(682,146)
Acquisition of land	-	(2,827)	-	(2,827)
Acquisition of buildings and equipment	(3,012)	(7,742,784)	-	(7,745,796)
Contributed revenue	100,000	2,500,000	-	2,600,000
Net cash provided (used) by capital and related financing activities	96,988	(8,677,757)	-	(8,580,769)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of investments	(47,991,680)	(24,582,555)	(593,691)	(73,167,926)
Maturities of investments	85,577,532	31,453,921	593,691	117,625,144
Interest on cash and investments	1,396,682	605,670	25,229	2,027,581
Net cash provided (used) by investing activities	38,982,534	7,477,036	25,229	46,484,799
Net increase in cash and cash equivalents	38,650,716	(2,823,744)	229,463	36,056,435
Cash and cash equivalents - July 1	8,614,683	18,624,179	612,976	27,851,838
Cash and cash equivalents - June 30	$ 47,265,399	$ 15,800,435	$ 842,439	$ 63,908,273
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ (2,904,053)	$ 712,342	$ 58,427	$ (2,133,284)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization expenses	84,294	659,078	-	743,372
Increase (decrease) in allowance for bad debt	3,498,074	-	-	3,498,074
(Increase) decrease in accrued interest on loans and notes receivable	8,492	-	(5,573)	2,919
(Increase) decrease in prepaid expenses and other assets	(7,320)	(80,210)		(87,530)
Increase (decrease) in accounts payable and accrued liabilities	(178,663)	(1,741,241)	-	(1,919,904)
Increase (decrease) in tax credit for contribution deposits	433,396	-	-	433,396
Increase (decrease) in debt service reserve	508,000	-	-	508,000
Increase (decrease) in deferred charges	3,988	-	-	3,988
Total adjustments	4,350,261	(1,162,373)	(5,573)	3,182,315
Net cash provided (used) by operating activities	$ 1,446,208	$ (450,031)	$ 52,854	$ 1,049,031
Reconciliation of cash and cash equivalents to the statement of net assets				
Cash	$ 1,455,699	$ 106,317	$ 842,439	$ 2,404,455
Investments	20,736,492	-	-	20,736,492
Less: Portion maturing in 90 days or more	(4,736,738)	-	-	(4,736,738)
Less: Portion attributable to accrued interest	(14,671)	-	-	(14,671)
Board designated investment	935,588	-	-	16,780,266
Restricted assets	35,398,942	15,844,678	-	35,398,942
Less: Portion maturing in 90 days or more	(6,392,694)	-	-	(6,392,694)
Less: Portion attributable to accrued interest	(117,220)	(150,560)	-	(267,780)
Total cash and cash equivalents	$ 47,265,399	$ 15,800,435	$ 842,439	$ 63,908,273

The notes to the financial statements are an integral part of this statement.

1. FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Reporting Entity

The Missouri Development Finance Board (the Board), was created by Sections 100.250 to 100.297 of the Revised Statues of Missouri (RSMo), as a body corporate and politic of the State of Missouri created within the Department of Economic Development. The Board is governed by a twelve-member Board. The Governor of the State of Missouri (the State), with the advice and consent of the Senate, appoints eight of the Board members. The remaining four Board members are the Lieutenant Governor, Director of the Department of Economic Development, Director of the Department of Agriculture and Director of the Department of Natural Resources.

The Board is a discretely presented component unit of the State of Missouri as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. Based on GASB 14, the accompanying combined financial statements include only those operations related to the Board and are not intended to present fairly the financial position and results of operations of the State.

The Board is empowered to issue bonds or notes; provide loans or loan guarantees; provide loans and grants to political subdivisions to fund public infrastructure improvements; and to issue Missouri tax credits for approved projects. The Board also has other authorized powers under state statute, including the ability to acquire, own, improve, and use real and personal property such as parking garages and buildings.

The Board has one discretely presented component unit as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*: The Missouri Community Investment Corporation (MCIC). The Board members of the Missouri Development Finance Board as well as four additional members serve as the Board for (MCIC). MCIC is a non-profit organization established for the primary purpose to serve as a qualified community development entity (CDE) providing investment capital for the benefit of Low-Income Communities and Low-Income Persons within the State of Missouri in connection with the New Market Tax Credit program established pursuant to Section 45D of the Internal Revenue Code of 1986 as amended. Activities for MCIC are reported separately in a column to the far right of the government-wide financial statements.

(b) Basis of Presentation

The accounts of the Board are organized on the basis of funds. The Board accounts for its activities in Enterprise Funds, a type of Proprietary Fund. Proprietary Funds are used to account for ongoing activities that are similar to activities found in the private sector. The measurement focus is upon determination of net income.

Specifically, Enterprise Funds account for operations that provide a service to citizens that are financed primarily by a user charge for the provision of that service. Enterprise Funds also account for activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Board has three active and three inactive Enterprise Funds.

Each fund is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses. The Board's active funds are as follows:

- Industrial Development and Reserve Fund — The Industrial Development and Reserve Fund was established in 1982 by Section 100.260 RSMo (as amended). At inception, the Board was funded by appropriations from the State General Revenue Fund. However, currently the Board's primary source of funds is from other sources as specified by the RSMo. Funds may be used to make eligible direct loans or may be pledged as loan, note, or bond guarantees. RSMo (Sections 33.080 and 100.260) provide that if funds are appropriated by the general assembly for this fund, they shall not lapse and the balance shall not be transferred to the General Revenue Fund – State. This fund also includes activity related to the OPO project, the DREAM initiative and building leasing operations.

- Parking Garage Fund — The Parking Garage Fund was established in 2003 by the Board to account for the construction and ongoing operations of three parking garages. The three garages are as follows: St. Louis Conference Center Hotel Garage (the "SLCCHG"), Ninth Street Garage (the "NSG") supporting the Old Post Office redevelopment project in St. Louis, and the Kansas City Public Library Garage (the "KCLG"). The Board is the sole owner of these garages. SLCCHG was placed in service during 2003; the KCLG was placed in service during 2004, and the NSG was placed in service in 2006.

- Infrastructure Development Fund — The Infrastructure Development Fund was established in 1988 by Section 100.263 RSMo, as amended, and is funded by appropriations from the State General Fund or from various other sources as specified by the RSMo. Funds may be used to make low-interest or interest-free loans, and loan guarantees to local political subdivisions and state agencies.

The inactive funds are the Industrial Development Guarantee Fund, Export Finance Fund, and the Jobs Now Fund.

The Board has one discretely presented component unit:

- Missouri Community Investment Corporation (MCIC) — MCIC is the Board's only discretely presented component unit. This not-for profit corporation was established to further the Board's mission by applying for New Market Tax Credits (NMTC). MCIC was notified in October 2007, that it did not receive a NMTC allocation, it will remain inactive until an allocation is received.
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(c) Method of Accounting

The economic resource measurement focus and the accrual basis of accounting are utilized for all Board funds. Revenues are recognized when earned and expenses are recorded when incurred.

Application fees and issuance fees are recognized as participation fees on the Statement of Revenues, Expenses, and Changes in Fund Net Assets. The Board recognizes revenue on application fees when received since the fees are due upon application and are nonrefundable. The Board recognizes revenue on issuance fees at the time of the issuance of the related bonds since, until actual issuance, the amount or the certainty of receiving the issuance fee is not determinable. Expenses related to

bond issuance are recognized when incurred, as there is no reasonable method of allocating the expenses to issuance revenues because of the above-mentioned uncertainties.

Contributions received for tax credits on behalf of other entities are treated as conduit transactions, with the amount of unspent contributions recorded as a liability. Contributions received for tax credits on behalf of the Board's projects are recorded as revenue when all applicable eligibility requirements have been met, which is determined on a project-by-project basis.

The Board applies all Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, and all Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB), except for those that conflict with or contradict GASB pronouncements. FASB Statements and Interpretations issued subsequent to November 30, 1989, are not applied.

(d) Investments

The Board has the power to invest in obligations of the United States or its agencies, insured or secured certificates of deposits, secured repurchase agreements, and state or political subdivisions obligations with the two highest credit rating categories. Investments are carried at fair value based on quoted market prices.

(e) Loans and Allowance for Loan Loss

Loans are stated at the amount of unpaid principal, adjusted by an allowance for loan losses. The Board's loans are made to companies and political subdivisions. In many cases, the repayment terms and collateral, if any, are much less stringent than typical financial institution loans due to the nature of the Board's mission. The allowance for loan losses is established through a provision for loan losses charged to expense. Loans are charged against the allowance for loan losses when management believes that the collectibility of the principal is unlikely.

The allowance is an amount that management believes will be adequate to absorb possible losses on existing loans that may become uncollectible, based on evaluation of the collectibility of loans, prior loan loss experience or when the net present value of estimated future cash flows on the loan or fair value of collateral is less than the recorded value of the loan (computed on a loan by loan basis).

For the fiscal year ending June 30, 2007 and 2006, the allowance for loan losses was $12,985,169 and $12,996,680, respectively. As a result of increasing these allowances, bad debt expense was recognized for $138,806 and $3,498,074, respectively.

(f) Loans and Allowance for Uncollectible Interest

Interest is accrued on loans as it is earned. The unpaid portion is included in accrued interest on loans and notes receivable.

The Board has established an allowance for the long-term portion of interest receivable on the Old Post Office Loan. Current interest of 0.5% is paid monthly and interest of .05% is accrued for interest due at a later time. Due to the questionable nature of future payment of the debt, the Board felt an allowance was necessary for the accrued interest associated with the note. For the fiscal year ending June 30, 2007 and 2006, the allowance for loan interest receivable was $131,665 and -0-, respectively.

(g) Capital Assets

Capital assets, which consist of land, building and equipment, are stated at cost. Contributions of capital assets are recorded at fair market value at the time received. Capital assets are defined by the Board as assets with an individual cost of more than $500 and an estimated useful life in excess of one year. Depreciation has been provided over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Buildings	40 years
Façade	39 years
Leasehold Improvements	10 years
Equipment	3 – 5 years

It is the Board's policy to capitalize interest on debt incurred to finance the construction of capital assets, when material. For the years ended June 30, 2007 and 2006, the total amount of interest incurred was $539,636 and $1,166,617; interest capitalized was $315,382 and $614,759; and interest expensed was $224,254 and $551,858, respectively.

(h) Compensated Absences

Under the terms of the Board's personnel policy, Board employees are granted vacation, personal days, sick, and compensatory leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation, personal days, and compensatory hours. Employees are not paid for accumulated sick leave upon termination. The amounts of accrued vacation, personal days, and compensatory hours are included as a current liability in the accompanying combined financial statements. The costs of sick leave are recorded when paid and are not accrued.

(i) Bond Issue Costs

Bond issue costs represent costs related to the Series 1992-A Infrastructure Facilities Revenue Bond Program. These costs are being amortized over fifteen years as they are recovered through loan participation fees.

(j) Participation Fees

The Board receives participation fees on certain direct loans, loan guarantees, bonds, and tax credit contributions. Direct infrastructure loans are made to local governmental entities for public infrastructure needs. A $750 fee is assessed for the direct infrastructure loans to cover legal counsel costs.

Bond application fees are 0.1% of the amount of issuance limited to a minimum of $500 and a maximum of $2,500. Before April 2006, the issuance fee for private activity bonds was on a scale ranging from 0.375% to 0.125%, depending on the size of the issue. The issuance fee for public bonds was 0.5% of the issue.

However, after April 2006, the issuance fee for private and public activity bonds is .30%, not to exceed $75,000 for a single issue or multiple series under a single issue. Finally, on State Agency bonds, the issuance fee is on a scale ranging from .10% to .20%, not to exceed $75,000 for a single issue or multiple series under a single issue.

BUILD Missouri (Business Use Incentives for Large-Scale Development) application fees are $1,000 and non-refundable. The issuance fee is assessed as 2.5% of the bond principal with an annual fee of 0.5% of the principle portion outstanding at each anniversary date. The fee to cover legal counsel costs is 0.6% of bond principal with a minimum of $7,500, plus out of pocket expenses.

Before January 2006, the fees for each tax credit for contribution project were 2% of the first one million dollars in contributions and 1% of the contributions thereafter. However, after January 2006, participation fees are 4% of all contributions.

(k) Issuance of Conduit Bonds

All of the bonds issued by the Board, with the exception of the long-term debt issued for the St. Louis Conference Center Hotel project and the NSG project (see Note 7), are conduit obligations. Conduit obligations are special, limited obligations of the Board and the assets of the Board are not pledged to secure such bonds. The borrower pays all debt service requirements. The bonds do not constitute an obligation of the Board or the State. See Note 11 to the financial statements for further information.

(l) Cash and Cash Equivalents

Cash and cash equivalents for the combined statements of cash flows include cash and short-term investments with original maturities of ninety days or less.

(m) Net Assets

Equity is categorized in the statement of net assets as invested in capital assets net of related debt, restricted, and unrestricted. Restricted net assets consist of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Board's policy to use restricted resources first, and then unrestricted net assets when they are needed. Unrestricted net assets consist of net assets not invested in capital assets that do not meet the definition of "restricted."

(n) Classification of Operating, Nonoperating, and Contributed Revenue

The Board has classified its revenues as operating, nonoperating, or contributed revenues according to the following criteria:

Operating revenues — Include revenue sources related to the basic purpose of the Board and include interest income on loans and fees and charges for services.

Nonoperating revenues — Include revenue sources unrelated to the basic purpose of the Board and include interest income on deposits and investments.

Contributed revenues — Include revenue related to the contributions for tax credit program authorized under state statute and received for Board-owned projects.

(o) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Estimates are used for, but not limited to, provisions for doubtful accounts; asset impairment; depreciable lives of capital assets and fair value of financial instruments. The Board is subject to uncertainties such as the impact of future events, economic, environmental and political factors, and changes in the business climate; therefore, actual results may differ from those estimates.

Accordingly, the accounting estimates used in the preparation of the Board's financial statements will change as new events occur, as more experience is acquired, as additional information is obtained and as the Board's operating environment changes. Changes in estimates are made when circumstances warrant. Such changes and refinements in estimation methodologies are reflected in reported results of operations; if material, the effects of changes in estimates are disclosed in the notes to the financial statements. Accordingly, actual results may differ from those estimates.

2. DEPOSITS AND INVESTMENTS

As of June 30, 2007 and 2006, the Board had the following investments:

	2007		2006	
Investment type:	Carrying Value	Weighted Average Maturity	Carrying Value	Weighted Average Maturity
U.S. Treasuries	$ 1,025,000	0.2500	$ 16,515,011	0.2500
U.S. Government Bonds	500,000	0.6167	500,000	0.6167
U.S. Government Agency Discount Notes	66,749,426	0.1886	40,965,287	0.0662
Overnight Repurchase Agreements	2,022,713	0.0028	2,505,764	0.0028
Total Fair Value	$ 70,297,139		$ 60,486,062	

Interest rate risk - In accordance with its investment policy, the Board manages its exposure to declines in fair values by only investing in obligations that return initial purchase prices and the earned interest. This practice eliminates exposure to declines in fair values.

Credit risk - The Board's policy is to only invest in obligations of the United States or its agencies, insured or secured certificates of deposits, secured repurchase agreements, and state or political subdivision obligations with the two highest credit ratings issued by nationally recognized statistical rating organizations (NRSROs). Policy prohibits the purchase of any investments that do not meet the above mentioned criteria. As of June 30, 2007 and 2006, all of the Board's investments were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The Board does not hold corporate bonds and does not participate in investment pools.

Concentration of credit risk – The Board's investment policy does not address concentration of credit risk.

Custodial credit risk – investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments. As of June 30, 2007 and 2006, there is no custodial credit risk for the Board's investments due to the Board's investment policy which prohibits obligations not fully secured.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the Board's deposits may not be returned to it. As of June 30, 2007 and 2006 the Board's deposits were fully covered by FDIC insurance and government-backed securities.

As required by Missouri law, the depository banks pledge securities, in addition to the Federal Depository Insurance Corporation insurance, to equal or exceed the amount on deposit at all times. As of June 30, 2007, securities with a total fair value of $7,570,619 are held in a joint custody account with the Federal Reserve Bank. As of June 30, 2006, securities with a total fair value of $21,141,166 are held in a joint custody account with the Federal Reserve Bank.

As of June 30, 2007 and 2006, the Board's deposits were collateralized as follows:

	2007	2006
Insured by the FDIC	$ 433,741	$ 393,125
Collateralized with securities pledged by the financial institutions	7,000,819	15,808,664
Collateralized with letter of credit pledged by financial institutions	-	-
Amount not collateralized	-	-
Total deposits	$ 7,434,560	$ 16,201,789

The Board's total cash and investments as of June 30, 2007 and 2006 are as follows:

	2007	2006
U.S. government and agency securities from above	$ 70,297,139	$ 60,486,062
Cash deposits from above	7,434,560	16,201,789
Accrued interest not included above	884,651	462,051
Total cash and investments	$ 78,616,349	$ 77,149,902
As reflected on the statement of net assets:		
Cash	$ 2,507,422	$ 2,404,455
Investments	24,409,529	22,282,492
Accrued interest	543,858	283,747
Board designated investment	977,249	935,588
Restricted assets	50,178,292	51,243,620
Total cash and investments	$ 78,616,349	$ 77,149,902

3. LOANS, NOTES RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES

Direct loans through the Industrial Development and Reserve Fund represent loans to individual companies and political subdivisions in Missouri. Direct loans through the Infrastructure Development Fund represents three percent loans made to local political subdivisions.

Loans and notes receivable at June 30, 2007 and 2006, are as follows:

	2007		2006	
	Current	Long-term	Current	Long-term
Industrial Development and Reserve Fund	$ 3,362,000	$ 17,503,653	$ 408,646	$ 17,617,994
Infrastructure Development Fund	666,631	1,595,387	214,197	1,506,902
Total	4,028,631	19,099,040	622,843	19,124,896
Less: allowance for doubtful loans	123,132	12,862,037	18,652	12,978,028
Total loans and notes receivable, net	$ 3,905,499	$ 6,237,003	$ 604,191	$ 6,146,868

4. RESTRICTED ASSETS

In September 1992, the Board issued $15,000,000 of bonds for a Series 1992-A Infrastructure Facilities Revenue Bond Program. The Board was required to deposit, from existing funds, $25,000 in a separate issuer account.

In June 1999, May 2000, December 2003, and April 2004, the Board placed unrestricted Board funds of $500,000 into Second Loss Debt Service Reserve Funds for each of its four infrastructure bonds, for a total of $2,000,000. During fiscal year 2007, $500,000 was refunded to the Board, as a result $1,500,000 remains in the Second Loss Debt Service Reserve Funds at June 30, 2007.

In December 2000, the Board issued $39,555,000 of bonds to fund a loan for the St. Louis Conference Center Hotel and land and construction costs for the hotel's parking garage. The restricted assets held for this project as of June 30, 2007 and 2006, are reserved as a contingency for the garage portion of the project, for a total of $977,249 and $935,588, respectively.

In October 2004, the Board issued $16,500,000 of bonds to fund the construction of the Ninth Street parking garage associated with the Old Post Office Building renovation. The Board was required to deposit $1,501,000 in a cash collateral account for the OPO project. Any investment earnings on the balance outstanding are credited to the Industrial Development and Reserve Fund.

Contributions received for tax credits on behalf of other entities are treated as conduit transactions, with the amount of unspent contributions recorded as restricted cash with a corresponding liability.

Restricted assets consist of the following as of June 30, 2007 and 2006:

	2007	2006
Leasehold Revenue Bond Program	$ -	$ -
Infrastructure Bond Debt Service Reserve Funds	1,525,000	2,025,000
Tax credit for contribution deposits (Note 6)	43,331,832	31,865,795
Old Post Office construction and reserve deposits (Note 10)	1,710,203	1,508,147
Total restricted assets – Industrial Development and Reserve Fund	$ 46,567,035	$ 35,398,942

	2007	2006
St. Louis Conference Center Hotel reserve deposits (Note 9)	$ 746,575	$ 911,948
Ninth Street Garage construction and reserve deposits (Note 10)	2,827,548	14,848,458
Kansas City Library Garage construction deposits (Note 10)	37,134	84,272
Total restricted assets – Parking Garage Fund	$ 3,611,257	$ 15,844,678

5. CAPITAL ASSETS

During August 1989, the Board received a $2,400,000 contribution from a taxpayer to acquire and renovate a vacant, historic hotel building in downtown Kansas City, Missouri as part of a multi-block redevelopment effort. In conjunction with this purchase, the Board signed a twenty-year lease with the United Way of Kansas City (the "United Way") to rent the office space within the building upon completion of the renovation. The lease provides for monthly rental payments of $2,084, with an option to purchase the building at the end of the lease term (August 1, 2009) for $1,884,658. The lease is accounted for as an operating lease and the building and contribution have been recorded as land and building and invested in capital assets.

During 2000, the Board used a $6,000,000 contribution from a taxpayer and $21,100,000 in bond proceeds to purchase land and begin construction of a parking garage adjacent to the St. Louis Conference Center Hotel. When the Parking Garage Fund was established during 2003, this contribution was transferred from the Industrial Development and Reserve Fund. The garage began operations during August 2002.

In addition, during 2004 and 2003, the Board used $6,800,000 in contributions received pursuant to the Board's tax credit for contribution program to fund construction of a parking garage to support the new downtown headquarters for the Kansas City Public Library. The garage began operations during April 2004.

In April 2003, the Board used a $10,000,000 contribution from a taxpayer and began participating in two related redevelopment projects in downtown St. Louis, Missouri. The first project, commonly referred to as the "Old Post Office Project" or the "OPO Project," consists of the acquisition and renovation of a historic structure in downtown St. Louis known as the U.S. Custom House and Old Post Office. The second project consists of the acquisition and demolition of the Century Building and the construction of parking garage located to the west of the OPO Project. This project is known as the "Ninth Street Garage Project" or the "NSG Project." The OPO and NSG Projects are separate and distinct projects for purposes of financial reporting but integrally linked for development and operational purposes.

The Board acquired title to the OPO Project on October 13, 2004 from the General Services Administration of the United States of America at no cost to the Board. The Board then executed a 99-year lease of the OPO Project with St. Louis' U. S. Custom House and Post Office Building Associates, L.P., a Missouri limited partnership (the "OPO Master Lessee"). In connection with the financial closing of the OPO Project on October 14, 2004, the Board made a subordinated loan to the OPO Master Lessee in the amount of $12,496,153, which is also the current balance, to assist in the financing of the OPO Project. Per the master lease agreement, costs previously recognized as construction in progress were reclassified to the loan balance outstanding. Pursuant to the OPO Master Lease, the Board has an option to purchase the OPO leasehold interest from the OPO Master Lessee at the greater of the fair market value or the development debt outstanding beginning in 2014. Renovation of the OPO Project was completed in late 2006.

The NSG Project is owned by the Board and consists of the development and construction of a 1,050 space parking garage located on the west side of Ninth Street directly across from the OPO Project. The land was purchased in April, 2003. The Board has entered into long-term parking leases with tenants of the OPO Project and with surrounding businesses and building owners. The total costs of acquiring, constructing and providing for the initial operations of the NSG were $28,565,625 and $18,862,706 through June 30, 2007 and 2006, respectively. The NSG Project was completed in early 2007.

MISSOURI DEVELOPMENT FINANCE BOARD
(A Component Unit of the State of Missouri)

NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006

Capital asset activity for the year ended June 30, 2007, was as follows:

	Balance July 1, 2006	Additions	Deletions/ Retirements	Balance June 30, 2007
Capital assets, not being depreciated:				
Land	$ 9,271,176	$ -	$ -	$ 9,271,176
Construction in process	16,347,966	12,217,659	(28,565,625)	-
Total capital assets, not being depreciated	25,619,142	12,217,659	(28,565,625)	9,271,176
Capital assets, being depreciated:				
Building	26,727,372	28,565,625	-	55,292,996
Equipment	111,636	40,520	(1,981)	150,175
Leasehold Improvements	55,099	-	-	55,099
Façade	1,849,357	-	-	1,849,357
Total capital assets, being depreciated	28,743,464	28,606,144	(1,981)	57,347,628
Less: accumulated depreciation for:				
Building	3,093,582	935,911	-	4,029,493
Equipment	45,752	23,976	(791)	68,937
Leasehold Improvements	8,265	5,510	-	13,775
Façade	47,418	47,419	-	94,838
Total accumulated depreciation	3,195,017	1,012,816	(791)	4,207,042
Total capital assets, being depreciated, net	25,548,447	27,593,328	(1,190)	53,140,586
Total capital assets, net	$ 51,167,589	$ 39,810,988	$ (28,566,815)	$ 62,411,762

Capital asset activity for the year ended June 30, 2006, was as follows:

	Balance July 1, 2005	Additions	Deletions/ Retirements	Balance June 30, 2006
Capital assets, not being depreciated:				
Land	$ 9,271,177	$ -	$ -	$ 9,271,177
Construction in process	10,420,744	7,776,580	(1,849,358)	16,347,966
Total capital assets, not being depreciated	19,691,921	7,776,580	(1,849,358)	25,619,143
Capital assets, being depreciated:				
Building	26,714,100	13,272	-	26,727,372
Equipment	114,994	24,311	(27,669)	111,636
Façade	-	1,849,357	-	1,849,357
Leasehold Improvements	55,099	-	-	55,099
Total capital assets, being depreciated	26,884,193	1,886,940	(27,669)	28,743,464
Less: accumulated depreciation for:				
Building	2,425,521	668,061	-	3,093,582
Equipment	54,051	19,370	(27,669)	45,752
Leasehold Improvements	2,755	5,510	-	8,265
Façade	-	47,419		47,419
Total accumulated depreciation	2,482,327	740,360	(27,669)	3,195,018
Total capital assets, being depreciated, net	24,401,866	1,146,580	-	25,548,446
Total capital assets, net	$ 44,093,787	$ 8,923,160	$ (1,849,358)	$ 51,167,589

A summary of capital assets by fund at June 30, 2007 follows:

	Industrial Development and Reserve Fund	Parking Garage Fund	Total Capital Assets
Land	$ -	$ 9,271,176	$ 9,271,176
Building	2,400,000	54,742,354	57,142,354
Equipment	87,774	62,400	150,175
Leasehold Improvements	55,098	-	55,098
Construction in process	-	-	-
Sub-total	2,542,872	64,075,931	66,618,803
Less: accumulated depreciation	(1,138,784)	(3,068,257)	(4,207,041)
Total capital assets, net	$ 1,404,088	$ 61,007,673	$ 62,411,762

A summary of capital assets by fund at June 30, 2006 follows:

	Industrial Development and Reserve Fund	Parking Garage Fund	Total Capital Assets
Land	$ -	$ 9,271,177	$ 9,271,177
Building	2,400,000	26,176,729	28,576,729
Equipment	87,324	24,311	111,635
Leasehold Improvements	55,098	-	55,098
Construction in process	-	16,347,969	16,347,969
Sub-total	2,542,422	51,820,186	54,362,608
Less: accumulated depreciation	(1,060,418)	(2,134,600)	(3,195,018)
Total capital assets, net	$ 1,482,004	$ 49,685,586	$ 51,167,590

6. TAX CREDIT FOR CONTRIBUTION DEPOSITS

One of the Board's programs is the Tax Credit for Contribution program. Through this program, the Board is authorized to grant tax credits in an amount equal to fifty percent of contributions accepted by the Board. Eligible infrastructure projects approved by the Board are granted the contributions. Contributions received by the Board are remitted to fund the project upon requests supported by proof of eligible reimbursable project expenditures or used to fund projects owned by the Board. Contributions on deposit with the Board are reflected as restricted assets and a liability in the accompanying financial statements. As of June 30, 2007 and 2006, the Board held deposits received pursuant to the Tax Credit for Contribution program of $43,217,221 and $31,865,795, respectively.

7. LONG-TERM DEBT

Summary of debt held as of June 30, 2007 and 2006, is as follows:

	2007	2006
$6,500,000 St. Louis Convention Center Hotel Series 2000B, taxable infrastructure facilities revenue bonds; and $14,600,000 St. Louis Convention Center Hotel Series 2000C, tax exempt infrastructure facilities revenue bonds. Due in annual installments of $300,000 to $15,600,000 beginning December 1, 2021 through December 1, 2020, plus interest up to 8.5%.	$ 15,350,000	$ 15,350,000
$9,500,000 Ninth Street Garage Series 2004A, taxable infrastructure facilities revenue bonds; and $7,000,000 Ninth Street Garage Series 2004B, tax exempt infrastructure facilities revenue bonds. Due in annual installments of $240,000 to $545,000 beginning October 1, 2008 through October 1, 2034, plus interest up to 10%.	16,500,000	16,500,000
Total	$ 31,850,000	$ 31,850,000

Changes in long-term debt for the year ended June 30, 2007, were as follows:

	Balance June 30, 2006	Additions	Reductions	Balance June 30, 2007	Due within one year
Infrastructure facilities revenue bonds	$ 31,850,000	$ -	$ -	$ 31,850,000	$ -

Changes in long-term debt for the year ended June 30, 2006, were as follows:

	Balance June 30, 2005	Additions	Reductions	Balance June 30, 2006	Due within one year
Infrastructure facilities revenue bonds	$ 34,600,000	$ -	$ 2,750,000	$ 31,850,000	$ -

St. Louis Convention Center Hotel Series 2000B and 2000C:

The annual debt service requirements as of June 30, 2007 are as follows:

	Principal	Interest	Total
2008	-	715,755	715,755
2009	-	715,755	715,755
2010	-	715,755	715,755
2011	-	715,755	715,755
2012	-	715,755	715,755
2013	-	715,755	715,755
2014	-	715,755	715,755
2015	-	715,755	715,755
2016	-	715,755	715,755
2017	-	715,755	715,755
2018	-	715,755	715,755
2019	-	715,755	715,755
2020	-	715,755	715,755
2021	15,350,000	715,755	16,065,755
Totals	$ 15,350,000	$ 10,020,572	$ 25,370,572

The bonds have mandatory sinking fund redemptions that are the equivalent of maturing principal as indicated above. The annual debt service schedule above assumes an interest rate of 4.66% representing the interest rate at June 30, 2007. The actual interest paid during 2007 and 2006 averaged 4.503% and 3.5% respectively.

The bonds bear interest at a daily, weekly, commercial paper, long-term or fixed rate. When the bonds are in a daily, weekly, commercial paper, long-term or fixed rate period, the interest rate on bonds will be determined by the remarketing agent as the lowest rate of interest which in its judgment will cause the bonds to have a market value, as of the date of determination, equal to the principal amount of the bonds, taking into account prevailing market conditions.

The rate cap agreements purchased during closing of the financing for the St. Louis Conference Center Hotel and Garage project were 8.5% on the Series B bonds and 6.7% on the Series C bonds with an expiration date of December 1, 2007. The Board has the option in the future to restructure the bond debt to acquire a fixed interest rate.

In March 2004, the Board made principal payments for Series B bonds and Series C bonds in the amount of $1,300,000 and $1,700,000, respectively. These payments were used to offset scheduled debt service payments for years 2006 through 2016.

In November 2005, the Board made principal payments for Series B bonds and Series C bonds in the amount of $1,290,000, and $1,460,000 respectively. These payments offset debt service payments for years 2017 through 2020, and a small portion of 2021.

Ninth Street Garage Series 2004A and B:

The annual debt service requirements as of June 30, 2007 are as follows:

	Principal	Interest	Total
10/1/2008	$ 240,000	$ 3,811,367	$ 4,051,367
10/1/2009	255,000	739,405	994,405
10/1/2010	270,000	726,932	996,932
10/1/2011	285,000	713,765	998,765
10/1/2012	305,000	699,675	1,004,675
10/1/2013	325,000	684,660	1,009,660
10/1/2014	345,000	668,722	1,013,722
10/1/2015	370,000	651,628	1,021,628
10/1/2016	395,000	633,380	1,028,380
10/1/2017	420,000	613,977	1,033,977
10/1/2018	450,000	593,187	1,043,187
10/1/2019	480,000	571,012	1,051,012
10/1/2020	510,000	547,451	1,057,451
10/1/2021	545,000	522,273	1,067,273
10/1/2022	580,000	495,478	1,075,478
10/1/2023	615,000	467,066	1,082,066
10/1/2024	655,000	436,806	1,091,806
10/1/2025	700,000	404,467	1,104,467
10/1/2026	750,000	369,818	1,119,818
10/1/2027	800,000	332,859	1,132,859
10/1/2028	850,000	293,591	1,143,591
10/1/2029	905,000	251,781	1,156,781
10/1/2030	965,000	207,200	1,172,200
10/1/2031	1,030,000	159,615	1,189,615
10/1/2032	1,100,000	108,797	1,208,797
10/1/2033	1,150,000	55,669	1,205,669
10/1/2034	1,205,000	-	1,205,000
Totals	$ 16,500,000	$ 15,760,580	$ 32,260,580

The bonds have mandatory sinking fund redemptions that are the equivalent of maturing principal as indicated above. As security for the reimbursement of the bank, the Board is required to maintain unrestricted cash balances and investments on its balance sheet equal to the lesser of $10,000,000 or 61% of the principal amount of the bonds until such time as the net cash flow from the project is a least 1.25 times debt service on the bonds for two consecutive years. Thereafter, the Board is required to maintain

unrestricted cash balances and investments on its balance sheet of not less than $2,000,000. In addition, the Board must maintain a ratio of total adjusted liabilities to total net assets of 1.5:1.

The annual debt service schedule above assumes an interest rate of 4.62% representing the interest rate as of June 30, 2007. The actual interest paid during 2007 and 2006 averaged 4.48% and 3.51%, respectively.

The bonds bear interest at a daily, weekly, commercial paper, long-term or fixed rate. When the bonds are in a daily, weekly, commercial paper, long-term or fixed rated period, the interest rate on bonds will be determined by the remarketing agent as the lowest rate of interest which in its judgment will cause the bonds to have a market value, as of the date of determination, equal to the principal amount of the bonds, taking into account prevailing market conditions. The Board has the option in the future to restructure the bond debt to acquire a fixed interest rate.

8. RENTAL INCOME

Future minimum rental income on noncancelable operating leases is as follows:

	Industrial Development & Reserve Fund	Parking Garage Fund
2008	25,008	1,097,262
2009	25,008	1,097,262
2010	3,126	1,097,262
2011	-	1,097,262
2012		1,044,282
2013-2017	-	4,894,320
2018-2022	-	4,601,210
2023-2027	-	4,382,410
2028-2032	-	3,558,910
2033-2037	-	3,333,910
2038-2042	-	3,333,910
2043-2047	-	3,600,991
Totals	$ 53,142	$ 33,138,991

The Industrial Development and Reserve Fund building located in downtown Kansas City is leased by the United Way of Greater Kansas City. The carrying value of the building is $2,400,000 and accumulated depreciation as of June 30, 2007 and 2006, was $1,070,000 and $1,010,000, respectively. The lease expires August 15, 2009.

The Parking Garage Fund's SLCCH parking garage is an 880-space garage constructed by the Board to support the St. Louis Conference Center Hotel project in downtown St. Louis. The carrying value of the garage is $21,913,825 less accumulated depreciation of $2,114,882 and $1,684,737 as of June 30, 2007 and 2006, respectively. The hotel operator leases a minimum of 375 spaces with the option of leasing up to 275 additional spaces with proper notice. The minimum lease payment for the hotel's use of the garage is $554,282 per year with an expiration date of February 15, 2048. In addition to the hotel, the nearby Merchandise Mart, a mixed-use development with apartments and retail space, has a lease for up to 118 spaces in this parking garage with minimum annual lease payments of $25,000 through August 2, 2021. Also, the Roberts Old School House Lofts, L. P. has a lease for 75 spaces in this garage with annual lease payments of $112,500 with an expiration date of August 26, 2009 and renewable for five consecutive five year periods on each expiration date.

The Parking Garage Fund's NSG parking garage is a 1050-space garage constructed by the Board to support the Old Post Office project in downtown St. Louis. The carrying value of the garage is $31,080,364, less accumulated depreciation of $267,803 as of June 30, 2007. As of June 30, 2006, $18,862,708 had been disbursed towards the completion of the garage. Leases have been negotiated with the Eastern District Court of Appeals, Webster University, Frisco Associates, Pyramid Construction, Talley Properties, L.L.C., and Roberts Old School House Lofts, L.P. and others. A total of 374 spaces are subject to the corresponding leases. The estimated minimum lease payments for all negotiated leases on the Ninth Street Garage total $1,097,262 per year with expiration dates from 2011 through 2047.

9. CONTRIBUTED ASSETS

During the year ended June 30, 2007, the Board received $225,000 in the Industrial Development and Reserve Fund for benefit of the OPO project.

During the year ended June 30, 2006, the Board received $2,600,000 with $100,000 recognized as contributed revenue in the Industrial Development and Reserve Fund for benefit of the OPO project and $2,500,000 recognized as contributed revenue in the Parking Garage Fund for benefit of the NSG project.

10. LEASE AGREEMENTS

(a) Office Lease Obligation

In October of 2004, the Board entered into a lease with Hotel Governor of Jefferson City, L.L.P, to lease 3,501 square feet on the 10th Floor of the Governor Office Building. The lease is an operating lease with the exception of depreciable tenant improvements in the amount of $55,098. The lease term is 10 years.

Future minimum lease payments for this lease are as follows:

2008	53,473
2009	55,077
2010	56,729
2011	58,431
2012	60,184
2013	61,990
2014	63,849
2015	16,079
Total minimum lease obligation	$ 425,812

(b) Copier Lease Obligation

In December of 2004, the Board entered into a lease with Gibbs Technology Leasing, L.L.C. to lease equipment. The lease is accounted for as an operating lease. The term of the lease is four years. Future minimum lease payments for this lease are as follows:

2008	$ 4,284

(c) KC Overhaul Base Lease

In December 2004, the Board accepted a contribution from the EDC Loan Corporation (EDC), a not-for-profit organization, consisting of an assignment of a 50 year leasehold interest in the Kansas City Overhaul Base located adjacent to the Kansas City International Airport (the "Overhaul Base"). This leasehold interest was originally held by the City of Kansas City (the City) and then was contributed to EDC, a related organization of the City, by the City.

EDC's contribution to the Board of the leasehold interest was valued by an independent appraiser at $32,000,000. In return, the Board issued a total of $16,000,000 in contribution tax credits to EDC. These tax credits were sold by EDC at the direction of the Board to independent parties. The tax credits were sold by EDC as follows: $5,333,333 on March 3, 2005; $5,333,333, on July 2, 2005; and $5,333,334 issued on June 30, 2006. The Board paid the proceeds from the tax credit sales to the City to be used by the City for payment of a bond issued by the City for the renovation of the Overhaul Base.

In addition, the City and the Board entered into an assumption agreement as of December 31, 2004 with the City assuming all responsibility and liability relating to ownership, management and operations of the Overhaul Base. As a result of this assumption of the leasehold interest by the City, the Board has no assets or liabilities related to the leasehold interest recorded in its financial statements.

(d) State of Missouri Acting by and Through Its Office of Administration

In November 2005 and May 2006, the Board issued Series 2005 and 2006 Leasehold Revenue Bonds for the benefit of the State of Missouri Office Buildings Project. With the proceeds of the bonds, the Board purchased four office buildings, which it then leased, on a net basis, to State of Missouri through its Office of Administration (OA) for the term of the debt 25 years, subject to annual state appropriation of lease payments needed to retire the fixed rate, level amortization, bonds. The Board transferred its interests in the lease agreement and security interest in the buildings to the bond trustee through a trust indenture.

Bond payments are to be paid exclusively from rent revenues received. In addition, payment of the bonds is insured by a municipal bond new issue insurance policy. The bonds do not constitute a debt or liability of the Board.

Upon request, the State has the option to purchase the buildings. Furthermore, once bonds are paid in full, ownership defers to the lessee. Generally, the State retains all rights and obligations of ownership of the buildings.

As a result, the Board has excluded the buildings and related debt from its financial statements.

11. COMMITMENTS AND CONTINGENCIES

(a) Loan Guarantees

The Board has guaranteed repayment to the financial institution holding the loan of up to 85% of the outstanding guaranteed balance of certain approved loans to businesses in the State. Total loans outstanding under the Loan Guarantee Program amounted to approximately $460,000 and $460,000 as of June 30, 2007 and 2006, respectively, of which approximately $391,000 and $391,000 was guaranteed by the Board. During 2007 and 2006, no loans defaulted.

(b) Irrevocable Line of Credit

As of January 13, 2006, the Board has issued an irrevocable line of credit in favor of the Missouri Department of Natural Resources ("DNR") and the United States of America acting through the Chief, Base Realignment and Closure Division Office of the Assistant Chief of Staff for Installation Management Headquarters, Department of the Army ("Army"), a line of credit in an amount not to exceed $1,800,000, at the request and for the account of St. Louis Land Clearance for Redevelopment Authority ("LCRA").

The line of credit expires January 13, 2012; however, the expiration date may be automatically extended for a period of one year on each successive expiration date, unless, 120 days before the current expiration date, the Board or the Army notifies DNR the decision has been made not to extend the line of credit beyond the current expiration date. The line of credit bears interest at prime rate and interest payments are due on the first business day of the month with the principle due on January 13, 2012.

As of fiscal year ended June 30, 2007 there have been no draws on the line of credit and the outstanding balance is $0.

(c) Ninth Street Garage Letter of Credit

On October 1, 2004, in connection with the construction of the Ninth Street Garage the Board established a letter of credit with Bank of America in the amount of $16,658,220. The purpose of the Letter of credit is to reduce interest costs on the bonds and to induce the purchase of the bonds. Interest on the bonds is at an assumed rate of interest of 10% per annum. Beginning October 6, 2007, the Letter of Credit shall automatically renew for four additional one-year periods (each such one-year period constituting a "Renewal Term", with the final such Renewal Term terminating October 5, 2011), unless the Board shall no later than 90 days before the then current Expiration Date provide written notice to the Credit Bank and the Trustee of its decision not to extend the Letter of Credit. Beginning October 6, 2011, the Letter of Credit shall automatically renew for additional Renewal Terms unless the Credit Bank or the Board shall no later than 90 days before the then current Expiration Date provide written notice to the other and to the Trustee of its decision not to extend the Letter of Credit. The final Renewal Term shall terminate no later than October 5, 2034.

(d) Conduit Bond Issues

As of June 30, 2007, the Board has issued $910,262,420 in Single Issue Industrial Revenue Bonds, $57,810,000 in Private Activity Composite Industrial Revenue Bonds, and $1,435,540,000 in Public Purpose Capital Improvement and Refunding Leasehold Revenue Bonds. The outstanding balances on these bonds and notes as of June 30, 2007, were approximately $424,350,328, $135,000, and $614,476,000 respectively.

As of June 30, 2006, the Board has issued $714,327,420 in Single Issue Industrial Revenue Bonds, $57,810,000 in Private Activity Composite Industrial Revenue Bonds, and $1,303,403,000 in Public Purpose Capital Improvement and Refunding Leasehold Revenue Bonds. The outstanding balances on these bonds and notes as of June 30, 2006, were approximately $371,519,763, $950,000, and $788,121,000, respectively.

The Board has no liability for repayment of the above revenue bonds and notes aside from reserve fund deposits and, accordingly, these bonds and notes have not been recorded in the accompanying combined financial statements. Security for the bondholders consists of the unconditional obligation of the borrowers to repay the bonds and notes, and, in certain cases, insurance, letters of credit, annual appropriation pledges, and certain funds held through trustees under the various indentures.

(e) Legal Matters - Old Post Office Litigation

On April 19, 2005 the Board (and certain other plaintiffs) filed an action against two individuals (the plaintiffs in two prior lawsuits which have been dismissed) relating to the demolition of the Century Building, the Old Post Office and the Ninth Street Garage). The lawsuit alleges that the plaintiffs filed their lawsuits in bad faith with malicious intent. The case is in the preliminary motions phase. As of June 30, 2007, no counterclaims have been asserted against the Board or the other defendants.

(f) Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; and workers' compensation claims. The Board carries commercial insurance for theft of assets and workers' compensation. The Board carries commercial property, comprehensive

liability, and business interruption insurance policies on the St. Louis Conference Center Hotel, Kansas City Library and Ninth Street parking garages. The Board is self-insured for all other risks of loss.

The Board had no material unpaid claims, liabilities, or settlements related to any loss in any of the past three years. No substantive changes were made in the type and amounts of the Board's insurance coverage during 2006. In fiscal year 2007, the Board increased its general liability insurance to $7 million.

(g) Construction Commitments

The NSG Project is being developed pursuant to the Ninth Street Garage Development Agreement, entered into between the Board and NSG Developers, L.L.C., a Missouri limited liability company (the "NSG Developer"). The Development Agreement requires the NSG Developer to deliver to the Board a garage construction contract in the amount of $20,204,000 providing for the construction of the Garage. The obligations of the NSG Developer are guaranteed by DESCO Investment Company, LLC, a Missouri limited liability company, ORION 2002, LLC, a Missouri limited liability company, and Steven J. Stogel, pursuant to a separate Construction Completion Guaranty. Environmental remediation began in April 2003 and demolition commenced on October 14, 2004. The contractor's substantial completion certificate was issued February 15, 2007.

(h) DREAM Commitments

In August 2006 under the direction of Governor Blunt's administration, the Board, the Department of Economic Development (DED) and the Missouri Housing Development Commission (MHDC) initiated the DREAM program. As required by the legislation, 10 communities were selected to receive technical assistance and services to support them in their downtown redevelop efforts. The Board has contracted with PGAV Urban Consulting to assist in the redevelopment process of the 10 chosen communities. Each community is to receive technical assistance over the course of three years. Costs of services over the next three fiscal years are estimated at $2.8 million. During the fiscal year ended June 30, 2007, the Board spent approximately $495,000 towards the program. DED and MHDC each contributed $100,000 towards program costs and both have pledged to contribute $300,000 each during fiscal year 2008.

12. EMPLOYEES' RETIREMENT PLAN

(a) Defined Contribution Pension Plan

In 1993, the Board established a defined contribution pension plan, called the MDFB Simplified Employee Plan (SEP) IRA, which is currently administered by Prudential Investments, a division of The Prudential Insurance Company of America. The Board has the authority to amend or terminate the plan's provisions at any time. Contributions are discretionary and determined on an annual basis by the Board. There are no contribution requirements for employees.

Employees are eligible to participate in the plan on January 1 after service to the Board in at least three calendar years. Eligible employees are fully vested at the time of contribution. The Board contributed $55,815 and $47,976 for the years ended June 30, 2007 and 2006, respectively. For the years ended June 30, 2007 and 2006, the contributions amounted to 12.78% and 12.59% of the eligible employees' salaries, respectively.

(b) Deferred Compensation Plan

In 2002, the Board established a deferred compensation plan called the Missouri Development Finance Board 457 Deferred Compensation Plan (457 plan) and the deferred compensation match plan called the Missouri Development Finance Board 401(a) Deferred Compensation Match Plan (401(a) plan), which are currently administered by Nationwide Retirement Solutions, Inc.

The plans permit employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Employees are eligible to participate in the plans after one year of service to the Board and must contribute $25 per month to receive the employer matching contribution of $25 per month. Compensation deferred under the Plan is invested at the direction of the covered employee.

13. SUBSEQUENT EVENT – DREAM COMMITMENTS

In August 2007, ten additional communities received DREAM designations to support downtown redevelopment. The new communities designated were: Aurora, Caruthersville, Chilicothe, Clinton, Kirksville, Maryville, Mexico, Poplar Bluff, Sikeston, and Trenton. Each community is to receive technical assistance over the course of three years.

STATISTICAL SECTION

(UNAUDITIED)

STATISTICAL SECTION

This part of the Board's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Board's overall financial health. The Board is a discretely presented component unit of the State of Missouri as defined by Government Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity. Based on GASB 14, some of the accompanying statistical section segments will include references to the State of Missouri. Such segments will be noted as such. All other information is to be deemed as attributable to the Board, and do not reflect the financial position and results of operations of the State.

Contents **Page**

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF NET ASSETS BY COMPONENT
FISCAL YEARS 2003 to 2007

	June 30,									
	2007		2006		2005		2004		2003	
	$	%	$	%	$	%	$	%	$	%
Investment in capital assets, net of related debt	$30,561,762	40.18%	$19,317,590	27.07%	$ 9,493,788	13.66%	$20,034,676	100.00%	$ 7,018,010	13.99%
Restricted-expendable	6,846,459	9.00%	19,377,826	27.16%	35,785,144	51.50%	7,766,352	0.00%	11,382,872	22.70%
Unrestricted	38,646,392	50.81%	32,654,645	45.77%	24,209,068	34.84%	29,624,972	0.00%	31,750,078	63.31%
	$76,054,613	100.00%	$71,350,061	100.00%	$69,488,000	100.00%	$57,426,000	100.00%	$50,150,960	100.00%

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2007 are available.

MISSOURI DEVELOPMENT FINANCE BOARD

SCHEDULE OF EXPENSES BY FUNCTION, FISCAL YEARS 2003 TO 2007

	2007	2006	2005	2004	2003
Operating Expenses					
Personnel	$ 697,353	$ 623,541	$ 603,068	$ 534,550	$ 497,701
Professional Fees	161,182	56,754	544,589	102,686	217,156
Travel	58,646	59,265	70,375	35,881	68,610
Supplies and Other	144,828	110,242	222,613	125,957	66,837
Depreciation and Amortization	1,024,531	743,372	683,016	544,707	494,597
Parking Garage Operating Expense	1,115,373	883,789	813,265	568,394	334,825
New Program Implementation	495,312	-	-	-	-
Bad Debt and Miscellaneous	[1] 205,122	[2] 3,527,826	[3] 9,492,203	21,094	29,934
Total Operating Expenses	3,902,346	6,004,789	12,429,129	1,933,269	1,709,660
Nonoperating Expenses					
Interest & Bond Expense	936,157	733,823	550,946	459,897	342,231
Interfund Transfers	-	-	-	-	-
Total Non-Operating Expenses	936,157	733,823	550,946	459,897	342,231
Total Expenses	$ 4,838,504	$ 6,738,612	$ 12,980,075	$ 2,393,166	$ 2,051,891

[1] Includes bad debt expense of $138,806

[2] Includes bad debt expense of $3,498,074

[3] Includes bad debt expense of $9,356,822

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2007 are available.

MISSOURI DEVELOPMENT FINANCE BOARD

SCHEDULE OF EXPENSES BY IDENTIFIABLE ACTIVITY, FISCAL YEARS 2003 TO 2007

	2007	2006	2005	2004	2003
Operating Expenses					
Program Administration	$ 1,557,321	$ 879,554	$ 1,440,645	$ 799,074	$ 850,304
Parking Garage Operating Expense	1,115,373	883,789	813,265	568,394	334,825
Depreciation and Amortization	1,024,531	743,372	683,016	544,707	494,597
Bad Debt and Miscellaneous	205,122 [1]	3,498,074 [2]	9,492,203 [3]	21,094	29,934
Total Operating Expenses	3,902,346	6,004,789	12,429,129	1,933,269	1,709,660
Nonoperating Expenses					
Interest & Bond Expense	936,157	733,823	550,946	459,897	342,231
Interfund Transfers	-	-	-	-	-
Total Non-Operating Expenses	936,157	733,823	550,946	459,897	342,231
Total Expenses	$ 4,838,504	$ 6,738,612	$ 12,980,075	$ 2,393,166	$ 2,051,891

[1] Includes bad debt expense of $138,806

[2] Includes bad debt expense of $3,498,074

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Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2007 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF REVENUES BY SOURCE
FISCAL YEARS 2003 TO 2007

	For the Year Ended June 30,				
	2007	2006	2005	2004	2003
Operating Revenues					
Participation fees - Loan Guarantee	$ 1,955	$ 1,955	$ 7,820	$ -	$ -
Participation fees - Private Activity Bonds	251,000	-	111,240	110,320	124,606
Participation fees - Public Activity Bonds	186,695	191,833	215,113	278,325	98,232
Participation fees - Notes Receivable	5,000	-	-	36,633	-
Participation fees - Tax Credits	1,912,449	321,987	420,563	725,680	83,529
Participation fees - BUILD Missouri	245,918	562,584	318,617	222,701	467,942
Participation fees - Tax Abatement	-	2,500	-	-	-
Participation fees - MODESA	-	-	25,000	-	-
Interest income on loans and notes receivable	432,415	325,338	232,851	223,954	826,956
Rental income	25,008	25,008	25,057	25,008	25,008
Contractual income	68,757	61,342	60,648	56,934	56,684
Parking garage revenues	373,565	119,272	1,815,481	1,573,553	730,097
Other income	2,743,209	2,259,686	54,010	14,552	1,187
Total operating revenues	6,245,971	3,871,505	3,286,400	3,267,660	2,414,241
Nonoperating Revenues					
Interest on cash and investments	3,072,083	2,129,169	1,241,632	576,685	598,341
Total Revenues	$ 9,318,054	$ 6,000,674	$ 4,528,032	$ 3,844,345	$ 3,012,582

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2007 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF OTHER CHANGES IN NET ASSETS
FISCAL YEARS 2003 TO 2007

	For the Year Ended June 30,				
	2007	2006	2005	2004	2003
Income before other changes in net assets	$ 4,479,551	$ (737,939)	$ (8,452,142)	$ 1,451,179	$ 960,691
Contributed Revenue	225,000	2,600,000	20,514,142	5,799,361	10,000,639
Gain on Sale of Asset	-	-	-	24,500	-
Total change in net assets	$ 4,704,551	$ 1,862,062	$ 12,062,000	$ 7,277,044	$ 10,963,333

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2007 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
PLEDGED REVENUE COVERAGE
FISCAL YEARS 2003 TO 2007

	For the Year Ended June 30,				
	2007	2006	2005	2004	2003
Operating Revenues					
Participation fees - Loan Guarantee	$ 1,955	$ 1,955	$ 7,820	$ -	$ -
Participation fees - Private Activity Bonds	251,000	-	111,240	110,320	124,606
Participation fees - Public Activity Bonds	186,695	191,833	215,113	278,325	458,295
Participation fees - Notes Receivable	5,000	-	-	36,633	0
Participation fees - Tax Credits	1,912,449	321,987	420,563	725,680	177,029
Participation fees - BUILD Missouri	245,918	562,584	318,617	222,701	467,942
Participation fees - Tax Abatement	-	2,500	-	-	0
Participation fees - MODESA	-	-	25,000	-	0
Interest income on loans and notes receivable	432,415	325,338	232,851	223,954	826,956
Rental income	25,008	25,008	25,057	25,008	25,008
Contractual income	68,757	61,342	60,648	56,934	56,684
Parking garage revenues	373,565	119,272	1,815,481	1,573,553	730,097
Other income	2,743,209	2,259,686	54,010	14,552	1,187
Total operating revenues	6,245,971	3,871,505	3,286,400	3,267,660	2,867,804
Nonoperating Revenues					
Interest on cash and investments	3,072,083	2,129,169	1,241,632	576,681	598,341
Total Revenues	$ 9,318,054	$ 6,000,674	$ 4,528,032	$ 3,844,341	$ 3,466,145
Debt Service					
Principal	$ -	$ 2,750,000	$ -	$ 3,000,000	$ 5,000,000
Interest [1]	711,903	551,858	350,978	210,760	342,231
Total Debt Service	$ 711,903	$ 3,301,858	$ 350,978	$ 3,210,760	$ 5,342,231
Debt Service Coverage	13.09	1.82	12.90	1.20	0.65

[1] Interest does not include capitalized interest paid from bond proceeds

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2007 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
PLEDGED REVENUE COVERAGE
FISCAL YEARS 2003 TO 2007

	For the Year Ended June 30,				
	2007	2006	2005	2004	2003
Garages					
Total number of operational garages	3	2	2	2	1
Parking capacity per year [1]	632,060	359,060	359,060	359,060	226,200
Debt Service					
Principal	$ -	$ 2,750,000	$ -	$ 3,000,000	$ 5,000,000
Interest [2]	711,903	551,858	350,978	210,760	342,231
Total Debt Service	$ 711,903	$ 3,301,858	$ 350,978	$ 3,210,760	$ 5,342,231
Daily required revenue per space to cover annual debt service	1.13	9.20	0.98	8.94	23.62

1 Calculated as total number of spaces x 260 days --no charge on weekends)

2 Interest does not include capitalized interest paid from bond proceeds

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2007 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
(STATE OF MISSOURI)
DEMOGRAPHIC STATISTICS

Employment
(In Thousands Except Unemployment Rates Data)

Calendar Year	Civilian Labor Force	Total Employed	Total Unemployed	Missouri Unemployment Rate	U.S. Unemployment Rate
2006	3,032	2,886	146	4.8	4.6
2005	3,008	2,848	160	5.3	5.1
2004	2,994	2,822	172	5.8	5.5
2003	2,986	2,820	166	5.6	6.0
2002	2,997	2,841	156.663	5.2	5.8
2001	3,003	2,868	134.861	4.5	4.7
2000	2,973	2,875	97.756	3.3	4.0
1999	2,911	2,820	91.337	3.1	4.2
1998	2,911	2,795	116.002	4.0	4.5
1997	2,904	2,780	124.029	4.3	4.9
1996	2,869	2,735	134.546	4.7	5.4
1995	2,822	2,690	131.989	4.7	5.6
1994	2,759	2,622	136.375	4.9	6.1
1993	2,706	2,540	165.955	6.1	6.9

Data Source: Missouri Department of Labor and Industrial Relations

MISSOURI DEVELOPMENT FINANCE BOARD
(STATE OF MISSOURI)
DEMOGRAPHIC STATISTICS

Personal Income

Calendar Year	Missouri Total Personal Income (In Millions)	U.S. Total Personal Income (In Millions)	Missouri Per Capita Personal Income	U.S. Per Capita Personal Income	Missouri % Change From Prior Year	U.S. % Change From Prior Year
2006	$ 191,602	$ 10,966,808	$ 32,793	$ 36,629	4.5	5.6
2005	181,930	10,284,378	31,380	34,685	3.8	4.9
2004	173,968	9,711,271	30,240	33,072	4.0	5.1
2003	166,129	9,150,320	29,082	31,466	2.6	2.1
2002	161,104	8,872,871	28,358	30,810	2.0	0.8
2001	156,937	8,716,992	27,809	30,574	2.1	2.4
2000	152,722	8,422,074	27,241	29,845	6.0	6.8
1999	142,925	7,796,137	25,697	27,939	3.1	3.9
1998	137,619	7,415,709	24,923	26,883	5.1	6.1
1997	129,992	6,907,332	23,716	25,334	5.2	4.8
1996	122,469	6,512,485	22,548	24,175	4.6	4.8
1995	115,948	6,144,741	21,559	23,076	3.4	4.1
1994	111,005	5,833,906	20,848	22,172	5.0	3.9
1993	104,699	5,548,121	19,862	21,346	2.7	2.4

Data Source: U.S. Department of Commerce -- Bureau of Economic Analysis

MISSOURI DEVELOPMENT FINANCE BOARD
(STATE OF MISSOURI)
DEMOGRAPHIC STATISTICS

Population Statistics

Census Year	Population (In Thousands)	% Change	% of Total Urban	% of Total Rural
2006	5,843	0.8	*	*
2005	5,798	0.8	*	*
2004	5,753	2.8	*	*
2000	5,595	9.3	67.8	32.2
1990	5,117	4.1	68.7	31.3
1980	4,917	5.1	68.1	31.9
1970	4,677	8.3	70.1	29.9
1960	4,320	9.2	66.6	33.4
1950	3,955	4.5	61.5	38.5
1940	3,785	4.3	51.8	48.2
1930	3,629	6.6	51.2	48.8
1920	3,404	3.4	46.6	53.4
1910	3,293	6.0	42.3	57.7

Data Sources: U.S. Department of Commerce -- Bureau of the Consensus

* Information unavailable as of report date. See State of Missouri Comprehensive Annual Financial Report for further information.

MISSOURI DEVELOPMENT FINANCE BOARD
(STATE OF MISSOURI)
ECONOMIC DATA

Privately Owned Housing Units Authorized By Building Permits

Calendar Year	Number of Units	Valuation (In Thousands)
2006	*	*
2005	33,114	4,702,016
2004	32,791	4,286,161
2003	29,309	3,596,524
2002	28,255	3,186,632
2001	24,739	2,750,047
2000	24,321	2,569,405
1999	26,840	2,739,418
1998	25,657	2,424,875
1997	25,156	2,265,005
1996	26,298	2,275,667
1995	24,282	2,032,503
1994	26,374	2,149,313
1993	21,702	1,749,828

Data Source: U.S. Department of Commerce -- Bureau of the Census

Top 10 Major Employers

The State's major employers (listed alphabetically) and the type of employer in 2006 were as follows:

		Employer
1.	State	State of Missouri
2.	Private	Wal-Mart Associates, Inc.
3.	State	University of Missouri
4.	Federal	U.S. Post Office
5.	Private	Boeing Corporation
6.	Private	Washington University
7.	Private	Schnuck Markets, Inc.
8.	Private	Barnes-Jewish Hospitals
9.	Federal	U.S. Department of Defense
10.	Local	City of St. Louis

Data Source: Missouri Department of Economic Development

* Information unavailable as of report date. See State of Missouri Comprehensive Annual Financial Report for further information.

MISSOURI DEVELOPMENT FINANCE BOARD
(STATE OF MISSOURI)
ECONOMIC DATA

Industrial Growth

Fiscal Year	Expanding Companies	New Companies	New Jobs	Investment (In Thousands)
2006	*	*	*	*
2005	49	26	7,983	$ 2,612,721
2004	75	35	10,696	1,524,343
2003	44	27	7,399	695,461
2002	83	39	12,176	1,531,699
2001	69	29	10,246	849,447
2000	129	53	11,732	1,204,065
1999	301	28	7,687	1,582,768
1998	303	78	11,322	2,404,156
1997	245	48	13,593	2,503,116
1996	162	85	8,291	1,154,439
1995	156	115	14,236	889,919

Data Source: Missouri Department of Economic Development

* Information unavailable as of report date. See State of Missouri Comprehensive Annual Financial Report for further information.

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF EMPLOYEE STATISTICS,
FISCAL YEARS 2003 TO 2007

	For the Year Ended June 30,				
	2007	2006	2005	2004	2003
Program Staff					
Full-time	4	4	3.5	3.5	4
Accounting Staff					
Full-time	2	2	2.5	2.5	2
Support Staff					
Full-time	2	2	2	2	2
Total Staff	8	8	8	8	8

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2007 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF PROJECTS APPROVED,
FISCAL YEARS 2003 TO 2007

	For the Year Ended June 30,				
	2007	2006	2005	2004	2003
Loan Guarantees					
Bonds					
Private	5	1	2	2	1
Public	8	5	13	9	3
Notes Receivable	0	0	0	0	0
Tax Credits	6	6	6	4	2
BUILD	1	5	4	1	2
Tax Abatement	0	0	0	0	0
MODESA	0	0	0	1	0

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF CAPITAL ASSETS
FISCAL YEARS 2003 TO 2007

	For the Year Ended June 30,				
	2007	2006	2005	2004	2003
Office Buildings	1	1	1	1	1
Garages	3	2	2	2	1
Parking capacity	2,431	1,381	1,381	1,381	870

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2007 are available.

MISSOURI DEVELOPMENT FINANCE BOARD ACKNOWLEDGEMENTS

Report Prepared by:

Krystal Davis, CPA – Controller

With Assistance from:

State of Missouri – Office of Administration: Division of Accounting, Financial Reporting Section

State of Missouri – Department of Economic Development, Missouri Economic Research and Information Center